

Thailand Market



Half Year 2023

An overview review of Thailand market in half year 2023 by Knight Frank Thailand

knightfrank.com/research

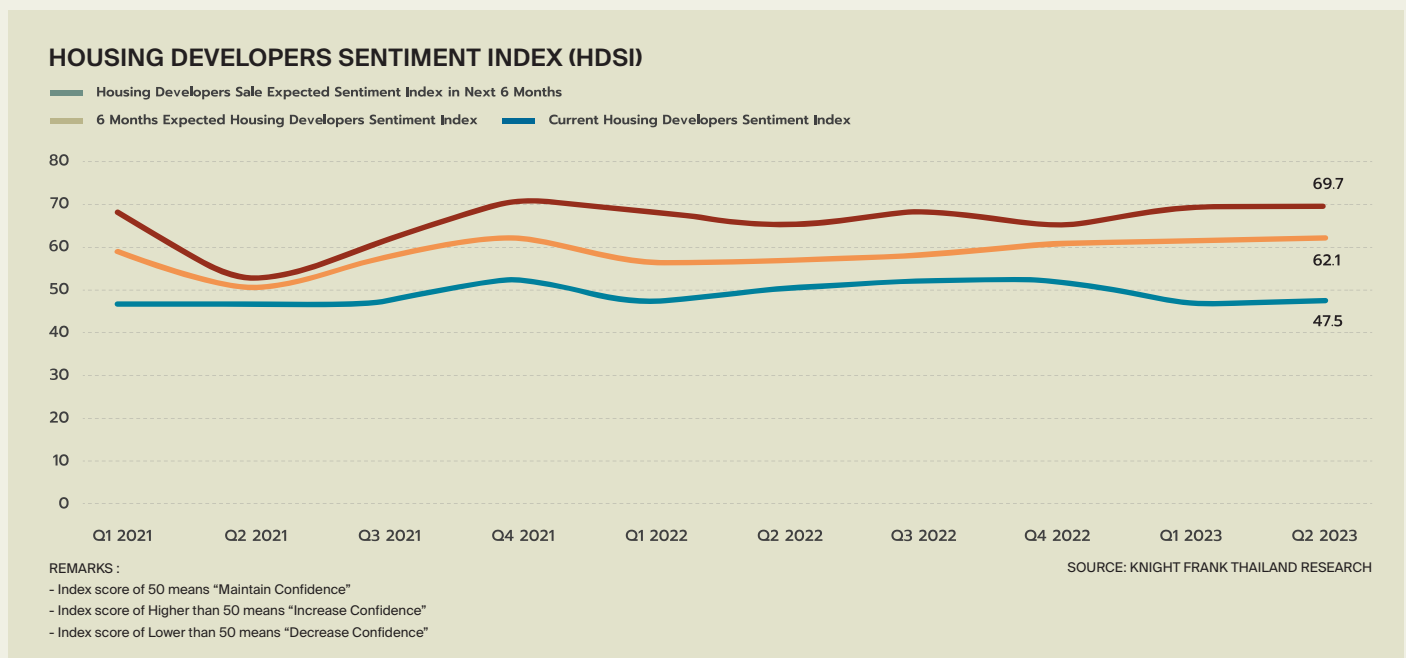


Content

Condominium	03
Super Prime & Prime Condominium	06
Luxury Housing	09
Rental	13
Hotel	18
Office	24
Logistics	31
Manufacturing	38

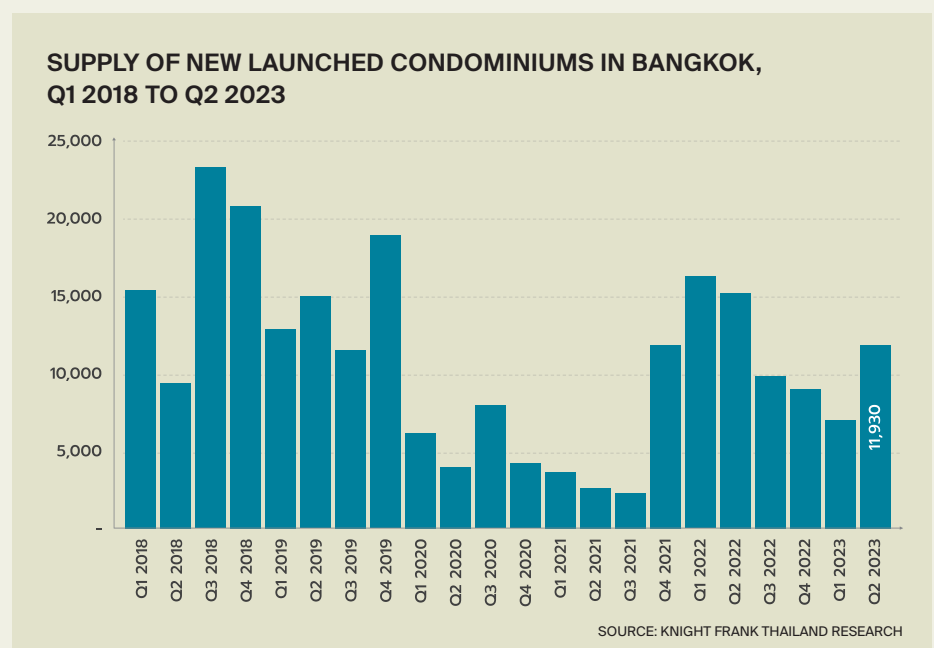
Market Overview

► The condominium market in the second quarter remained stable. New supply was added continuously, but when compared to the slowly returning purchasing power, resulting in demand recovery not keeping up with supply, as reflected by the number of accumulated units remaining for sale of low-priced projects continued to increase. As this group of buyers belongs to the middle-income category with limited financial liquidity, their loan applications are more likely to face rejection compared to buyers from other groups. However, business operators are still launching new projects into the market, which is in line with the Confidence Index which increased by 0.8% from the previous quarter. The sales expectation index for the next 6 months tends to adjust as business operators hope that the fully opened country and the steadily expanding tourism sector will positively affect existing supply and new ones, especially from foreigners rather than Thai buyers whom purchasing power are still weak.

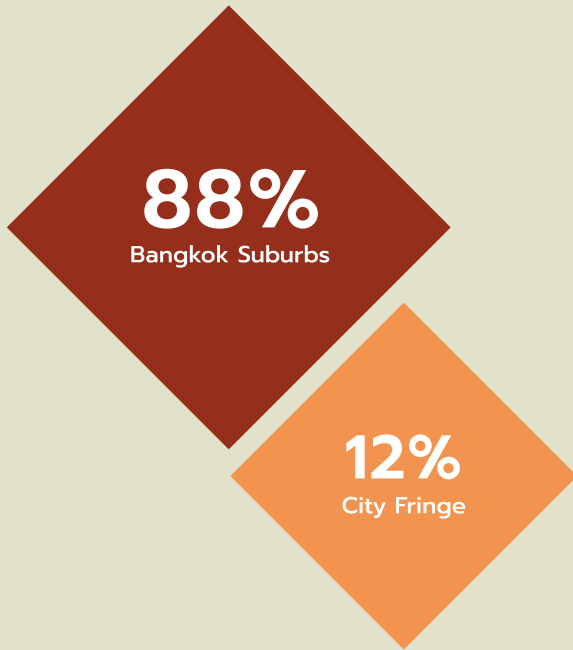


Supply

During Q2 2023, the number of newly launched for sale amounted to 11,930 units, representing an increase of 40.1% compared to the previous quarter and a decrease of 21.3% compared to the same period last year. The total supply of newly launched condominiums in suburban areas of Bangkok accounted for 88%, while areas around the central business district accounted for 12% and none were located in Bangkok city centre areas. The most popular new supply launched for sale was grade B, accounting for 52% of the total, followed by grade C accounting for 38% and grade A accounting for 9% while the super prime segment accounted for only 1%.

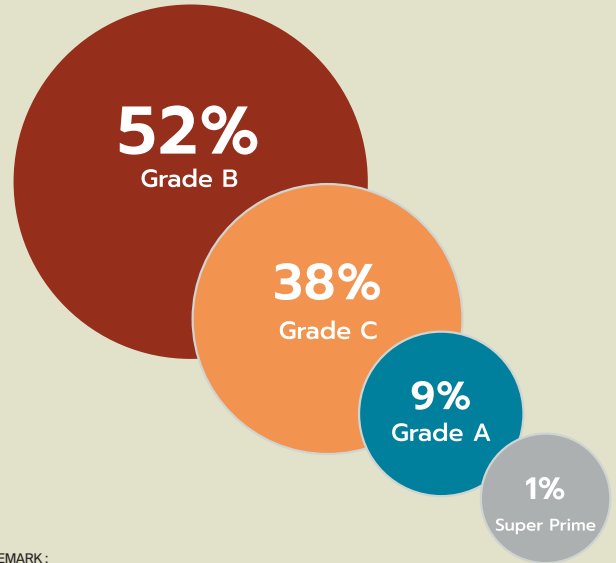


SUPPLY OF NEW LAUNCHED CONDOMINIUMS, BY LOCATION, Q2 2023



SOURCE: KNIGHT FRANK THAILAND RESEARCH

SUPPLY OF NEW LAUNCHED CONDOMINIUMS, BY GRADE, Q2 2023



REMARK :

Super Prime The selling price of the unit must be above THB 200,000 per square metre.
 Grade A The selling price of the unit must be above THB 150,000 per square metre.
 Grade B The selling price of the unit must be within the range of THB 80,000 - 149,999 per square metre.
 Grade C The selling price of the condominium must be in the range of less than 80,000 baht per square metre.

SOURCE: KNIGHT FRANK THAILAND RESEARCH

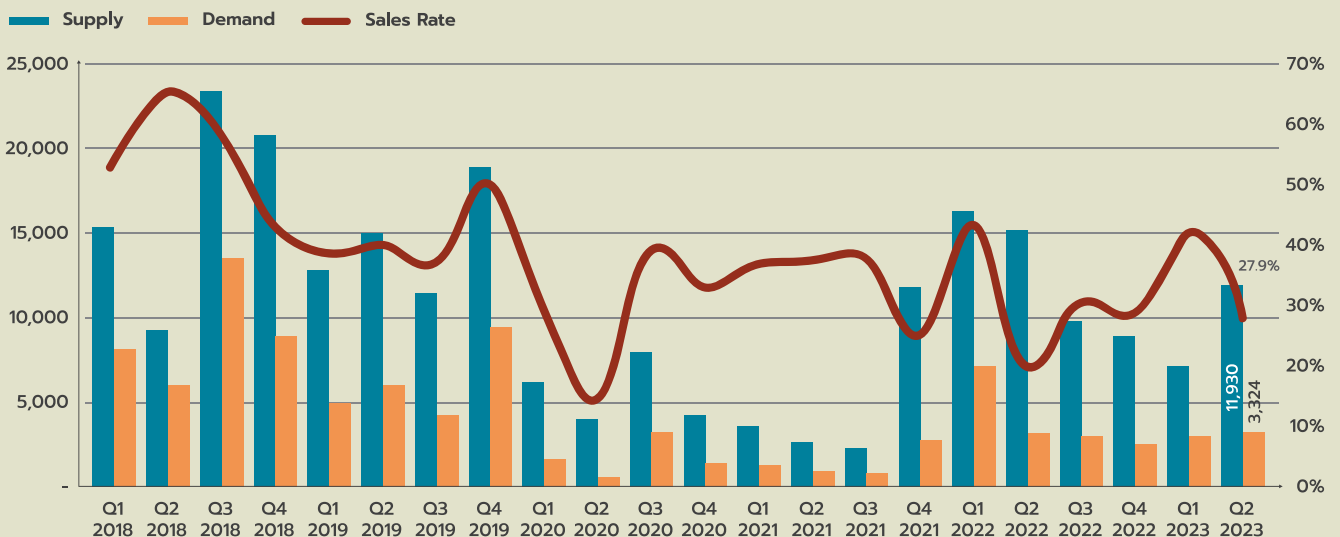
Demand

In this quarter, the demand for new units sold quite contracted as there was insufficient purchasing power to boost up the market. The total number of new units sold in Q2 2023 amounted to 3,324 units out of a total supply of 11,930 units. The sales rate was 27.9%, decreased by 14.5% from the previous quarter but increased by 7.7% compared to the same period last year. The primary factors contributing to the group of middle-income earners not responding

to the condominium market are rooted in the fact that a significant portion of this demographic is in the phase of building their financial stability. They typically have medium to entry-level incomes. Furthermore, the ongoing price adjustments in the condominium market have resulted in reduced affordability for this group when it comes to purchasing residential properties. While the interest of investors in the second-hand condominium market

has been on the rise, it can be attributed to factors such as sought-after locations along transit lines, suitable unit sizes, and competitive prices. Moreover, the growing number of buyers failing to meet loan obligations has led to banks repossessing assets and categorizing them as NPLs. This has notably boosted the presence of repossessed assets in the market, potentially fueling positive trends in the second-hand property market.

SUPPLY DEMAND AND SALES RATE OF CONDOMINIUMS, Q1 2018 TO Q2 2023



SOURCE: KNIGHT FRANK THAILAND RESEARCH

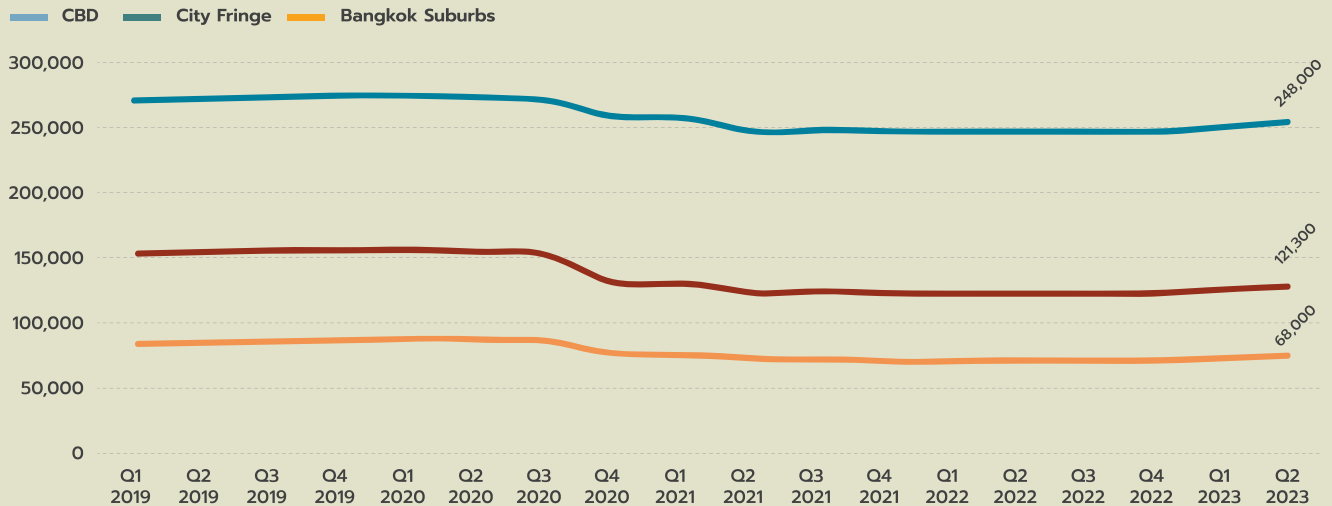
Asking Price

The selling price of condominiums in Q2 2023 increased in all areas. The selling price of condominiums in the central business district (CBD) was approximately 248,000 baht per square metre, representing a 1.72% increase from the previous quarter. Similarly, the selling price of condominiums

around the city fringe was 121,300 baht per square metre, a 1.85% increase from the previous quarter. In the suburban areas of Bangkok, the selling price of condominiums was approximately 68,000 baht per square metre, indicating a 3.0% increase from the previous quarter. The average selling price

across all areas experienced a slight increase of 2.2% due to the rise in construction costs. Thus, business operators have not been able to lower the price, especially newly launched and under construction projects. As a result, the selling price has to be adjusted and increased.

AVERAGE ASKING PRICES OF CONDOMINIUMS, BY LOCATION, Q1 2018 TO Q2 2023



SOURCE: KNIGHT FRANK THAILAND RESEARCH

What Next?

- It is expected that the market will remain stable during the second half of the year because most of visiting foreigners are still focusing on tourism rather than investment.
- Demand from foreign buyers expanded well in some areas as they are looking for new locations to live such as suburban areas along the skytrain lines and other provinces.
- The second-hand condominium market attracted both Thai and foreign investors, especially projects along the skytrain line. In addition, NPL condominiums also get quite a lot of attention due to its attractive price.
- Increasing household debts may affect demand in the medium to low condominium market as these are the group with fragile financial liquidity, reflecting by an increasing number of seized assets. As a result, banks are cautious in granting loans to this group of buyers.

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



Phanom Kanjanathiemthao
Chairman
+66 (0) 2 643 8223 Ext 124
phanom.kanjanathiemthao@th.knightfrank.com



Nattha Kahapana
Managing Director
+66 (0)2643 8223 Ext 300
nattha.kahapana@th.knightfrank.com



Frank Khan
Executive Director, Head of Residential
+66 (0)2643 8223 Ext 105
frank.khan@th.knightfrank.com



Sunchai Kooakachai
Director, Head of Research and Advisory
+66 (0)2643 8223 Ext 188
sunchai.kooakachai@th.knightfrank.com



Knight Frank Thailand Research provides strategic advice, consultancy services and forecasting to a wide range of clients worldwide including developers, investors, funding organisations, corporate institutions and the public sector. All our clients recognise the need for expert independent advice customised to their specific needs. Important Notice: © Knight Frank Thailand 2021. This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank Thailand for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank Thailand in relation to particular properties or projects. Reproduction of this report in whole or in part is not allowed without prior written approval of Knight Frank Thailand to the form and content within which it appears. Our registered office is 33/4, The 9th Towers, Grand Rama 9, Tower A, 31st Fl., Unit No. TNA 01-04 Rama 9 Road, Huaykwang District, Bangkok 10310 Thailand.

Super Prime & Prime Condominium

Market Overview

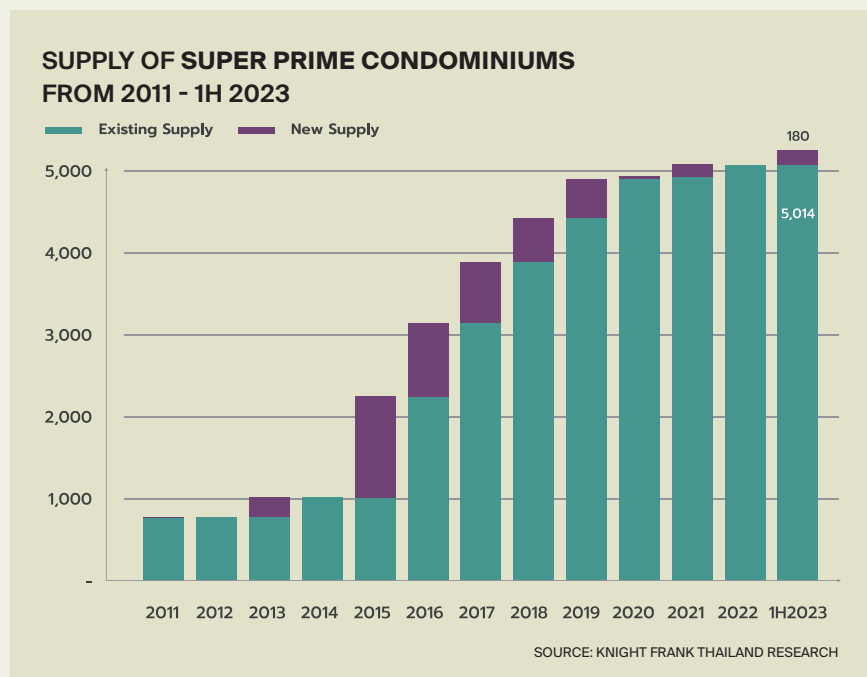
► The super prime and prime condominium market continues to grow steadily. Although the land for development is scarce, demand is still high among Thai and foreign buyers where location is the key buying factor. Condominiums in this segment are

continually increasing in value. As such, buyers still prefer to buy these condominiums for resale in the future because they believe that their value will keep increasing. Even though it is a second-hand condominium, the potential of land in prime areas causes

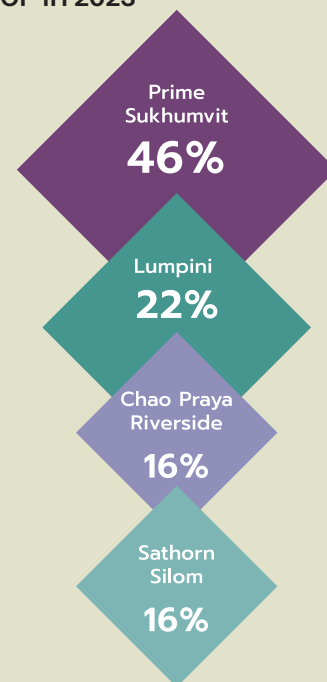
constant high demand. Meanwhile, condominiums near international schools in the CBD area are playing a crucial part and becoming more popular among foreigners (especially the Chinese) as they are keeping an eye on this area.

Supply

The total supply of super prime condominiums in mid-2023 was 5,194 units and only 180 new units (1 project) were added to the market. Most super prime condominiums are still located in the Sukhumvit area accounting for 46%, followed by the Lumpini area at 22%, while along the Chao Phraya River and Sathorn/Silom area accounted for 16% each.



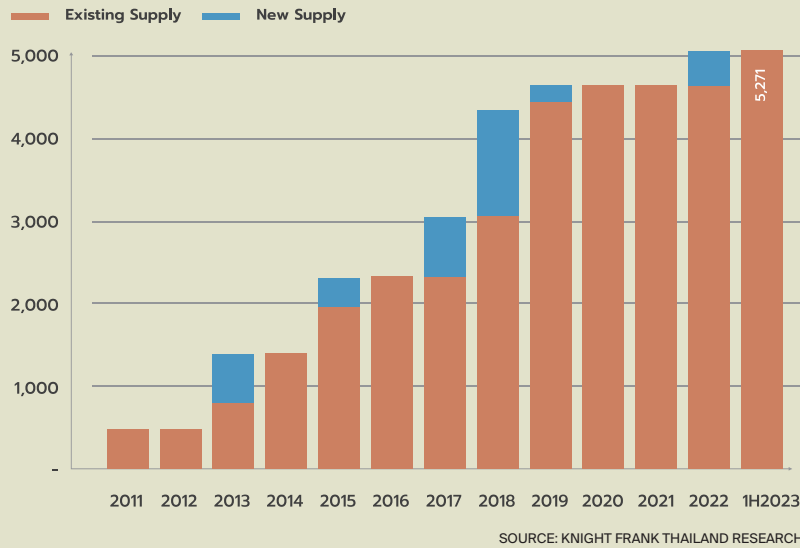
SUPPLY OF SUPER PRIME CONDOMINIUMS BY LOCATION, AS OF 1H 2023



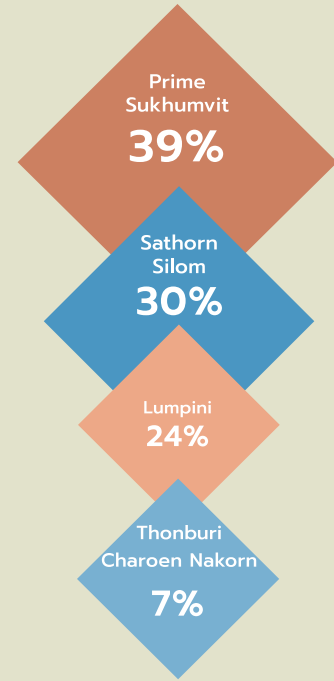
SOURCE: KNIGHT FRANK THAILAND RESEARCH

As of mid-2023, the total supply of prime condominium units stood at 5,271, with no new units added to the market. The majority of these prime condominiums are located in the Sukhumvit area, accounting for 39% of the total, followed by the Sathorn/Silom area at 30%, the Lumpini area at 24%, and the Chao Phraya River area, which accounted for only 7%

SUPPLY OF PRIME CONDOMINIUMS FROM 2011 - 1H 2023



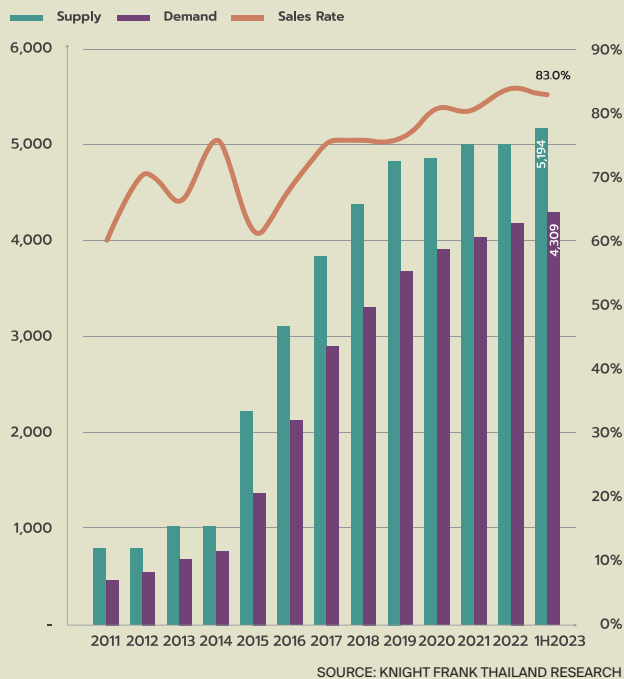
SUPPLY OF PRIME CONDOMINIUMS BY LOCATION, AS OF 1H 2023



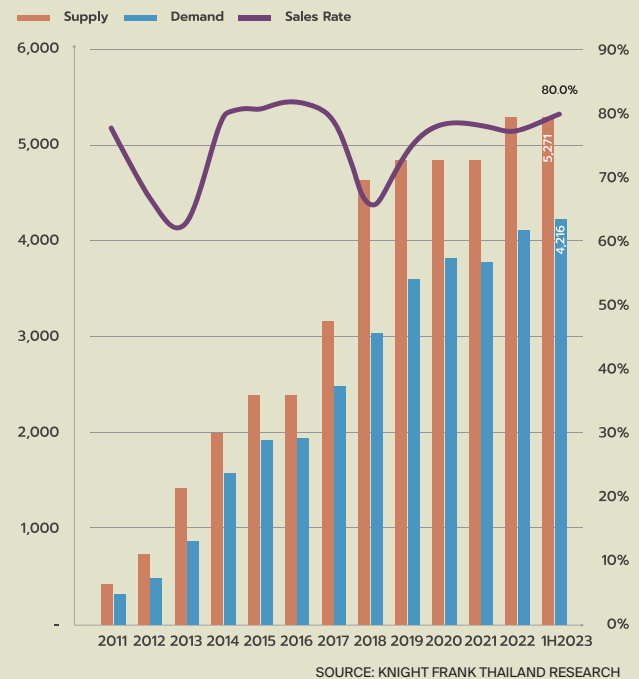
Demand

Demand for super prime and prime condominiums during the first half of the year continued to be strong mainly due to the addition of new supply, thus the sales rate slightly decreased. The total number of super prime condominiums sold amounted to 4,309 units out of a total supply of 5,194 units. The sales rate was at 83.0%, decreased by 0.3% from the previous year. The total number of prime condominiums sold amounted to 4,216 units out of a total supply of 5,271 units. The sales rate was at 80.0%, increased by 2.3% from the previous year. The main buyers were still Thai buyers who are wealthy as a group of real demand. In addition, we began to see Chinese groups returning to buy partially, reflected by the number of ownership transfers since the beginning of the year. And additional key buying decision factor is proximity location to international schools.

SUPPLY DEMAND AND SALES RATE OF SUPER PRIME CONDOMINIUMS, 2011 TO 1H 2023

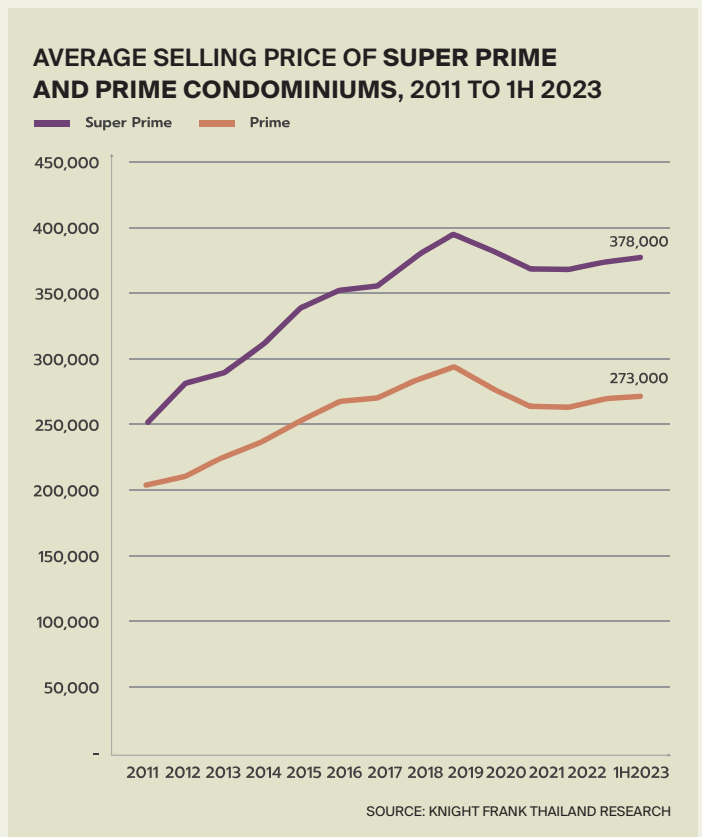
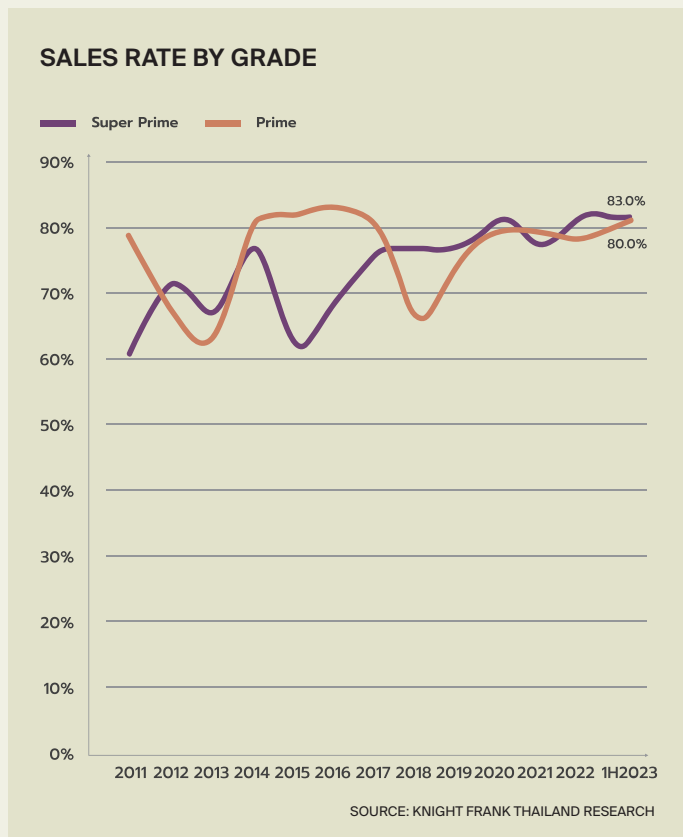


SUPPLY DEMAND AND SALES RATE OF PRIME CONDOMINIUMS, 2011 TO 1H 2023



Asking Price

The average selling price of super prime condominiums in the mid of 2023 was 378,600 baht per square metre, which increased by 0.87% from the end of 2022 with the average selling price of 374,745 baht per square metre. The average selling price of prime condominiums in the mid of 2023 was 273,000 baht per square metre, increased by 0.96% from the end of 2022. As the market's absorption rate was pretty high, units remaining for sale were only 20%, leaving the market with limited options.



Market Outlook

There are continuous demands in this segment as it offers lucrative returns whether renting or reselling. Less outstanding supply and new upcoming supply may cause higher selling prices in the future. The operators need to develop projects that meet customers' needs at the right time as well as to select a good location. A good location is a positive factor that creates continuous attention. The uniqueness of the location may result in a higher selling price as well. Furthermore, the return of Asian buyers, especially the Chinese, will bring this segment back to life again. This is expected to be a good sign for many operators who have previously put plans on hold to develop projects in prime locations and prepare to develop new projects in response to real demand and investors, both Thai and foreign buyers.

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



Phanom Kanjanathiemthao
Chairman
+66 (0) 2 643 8223 Ext 124
phanom.kanjanathiemthao@th.knightfrank.com



Nattha Kahapana
Managing Director
+66 (0)2643 8223 Ext 300
nattha.kahapana@th.knightfrank.com



Frank Khan
Executive Director, Head of Residential
+66 (0)2643 8223 Ext 105
frank.khan@th.knightfrank.com



Sunchai Kooakachai
Director, Head of Research and Advisory
+66 (0)2643 8223 Ext 188
sunchai.kooakachai@th.knightfrank.com



Knight Frank Thailand Research provides strategic advice, consultancy services and forecasting to a wide range of clients worldwide including developers, investors, funding organisations, corporate institutions and the public sector. All our clients recognise the need for expert independent advice customised to their specific needs. Important Notice: © Knight Frank Thailand 2021. This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank Thailand for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank Thailand in relation to particular properties or projects. Reproduction of this report in whole or in part is not allowed without prior written approval of Knight Frank Thailand to the form and content within which it appears. Our registered office is 33/4, The 9th Towers, Grand Rama 9, Tower A, 31st Fl., Unit No. TNA 01-04 Rama 9 Road, Huaykwang District, Bangkok 10310 Thailand.

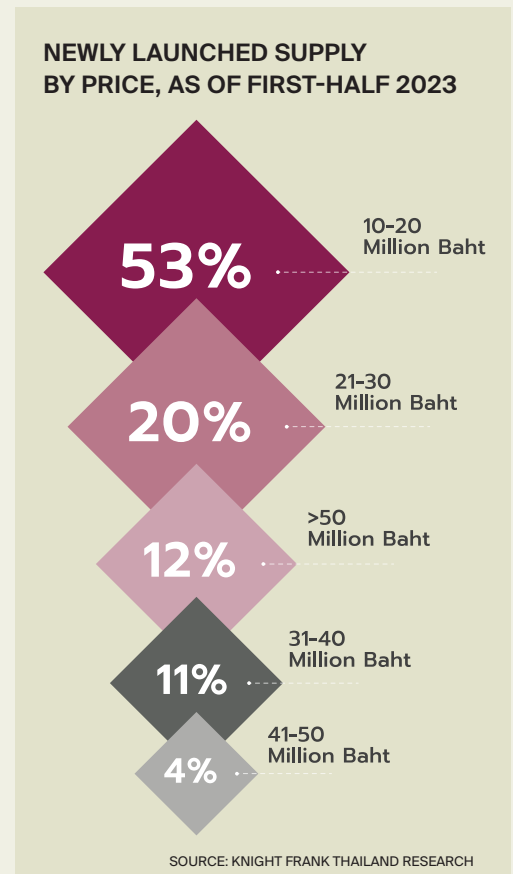
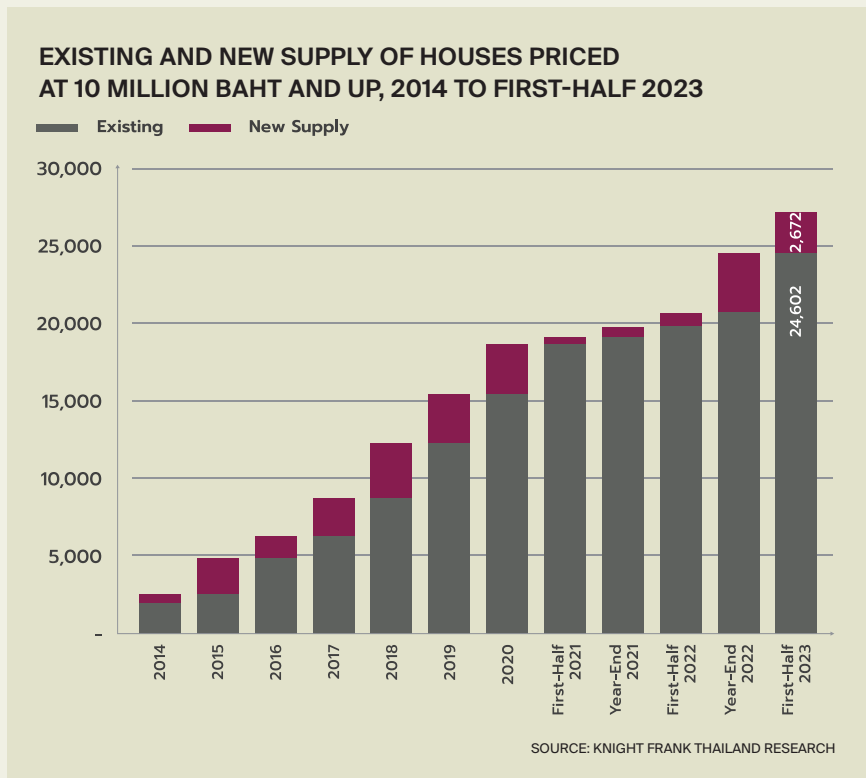
The luxury housing market situation priced at 10 million Baht and above in Bangkok

► During the first half of the year, the market for houses priced at 10 million Baht and above has continued to exhibit positive trends. The demand for such properties has remained steady, thanks to a relatively fast absorption rate in this market segment. Developers are still looking for suitable land to develop high-priced houses in favorable environments, and they anticipate a sufficient pool of potential buyers. Notably, buyers in this price range do not encounter issues related to interest rates or debt burdens. On the other hand, houses priced below 10 million Baht belong to a group with higher household debt, leading to issues with interest rates and resulting in reduced purchasing power. Therefore, developers are focusing on the potential of high-end buyers. In the first half of the year, some projects achieved rapid and successful sales due to their strategic locations and the incorporation of newly designed houses that align with market demand.

The supply for the housing market priced at 10 million Baht and above continues to be positive

The supply of the housing market with prices starting from 10 million Baht and above in the first half of the year saw a decrease in the number of newly opened units, with a rate of 29.8%. There were a total of 2,672 newly opened units during this period. Therefore, in the first half of the year 2023, the total supply was 27,274 units. The supply in the luxury housing market is categorized

by price ranges as follows: properties priced between 10 - 20 million Baht account for 53%, while those in the 21 - 30 million Baht range make up 20%. Houses priced above 50 million Baht constitute 12% of the market. Additionally, properties in the 31 - 40 million Baht range and 41 - 50 million Baht range represent 11% and 4%, respectively.

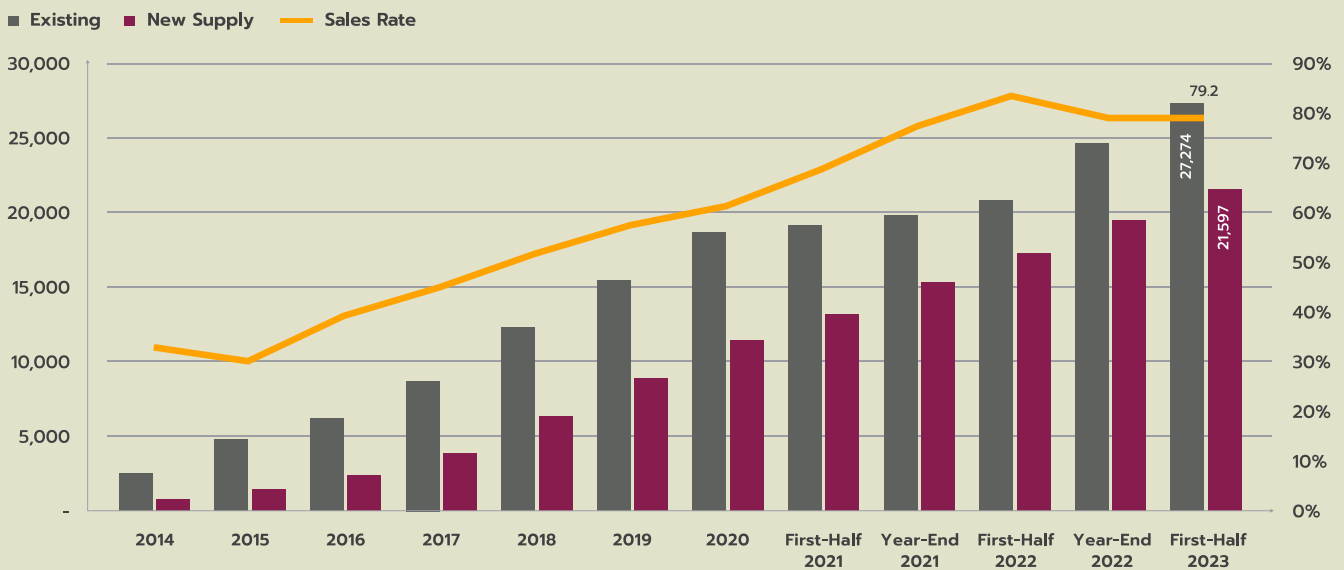


Demand

In the first half of 2023, the housing market priced at 10 million Baht and above had a cumulative total of 21,597 units sold accounting for 79.2%, out of a total supply of 27,274 units. The sales rate remains consistent compared to the second half of the year. Although the number of newly sold units in the first half of the year was 2,121 units, a slight decrease of 3.4% compared to the second half of the last year, this decrease has not significantly impacted the overall market performance. The market for houses priced between 10 to 20 million Baht continues to exhibit the highest demand, with a total of 1,272 units sold, accounting for 60% of the total units sold.

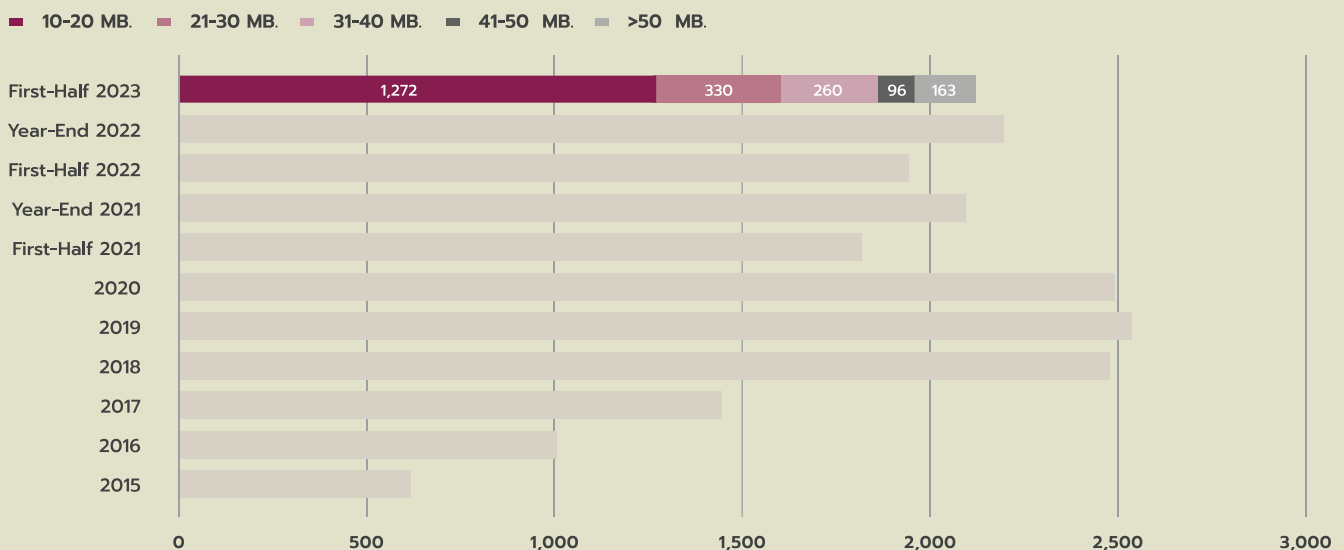
The buyers in this price range are predominantly Thai nationals, making up 100% of the buyer group. These buyers typically fall within the age range of 30 to 35 years old from diverse professional backgrounds, including private businesses and corporations. They have experienced rapid career growth and boast higher incomes, motivating them to consider their first home purchases. Some aim to establish independent households and prioritize homes with excellent community and living conditions due to the potential and affordability they offer.

SUPPLY DEMAND AND SALES RATE OF HOUSES PRICED FROM 10 MILLION BAHT AND UP, 2014 TO FIRST-HALF 2023



SOURCE: KNIGHT FRANK THAILAND RESEARCH

HOUSES PRICED FROM 10 MILLION BAHT AND UP SOLD PER YEAR (UNITS), 2015 TO FIRST-HALF 2023

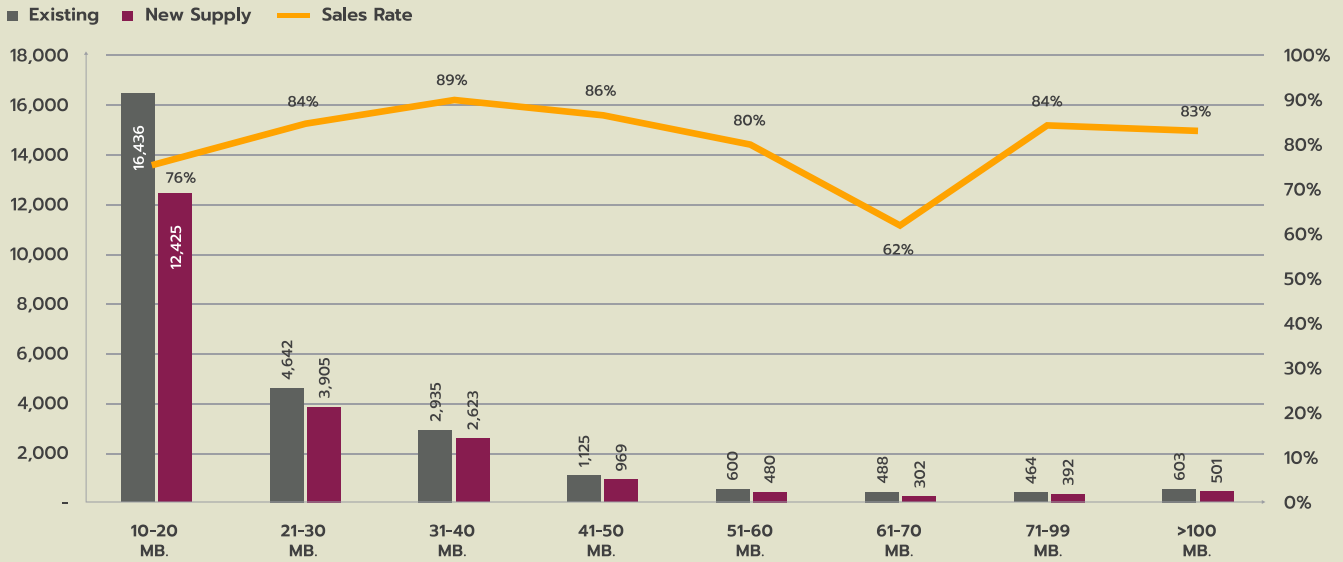


SOURCE: KNIGHT FRANK THAILAND RESEARCH

The segment of houses with the highest supply continues to be those priced between 10 to 20 million Baht, with a demand of 12,425 units. Following that are houses priced between 21 to 30 million Baht and 31 to 40 million Baht, with demand of 3,905 units and 2,623 units, respectively.

The highest sales rate was observed in houses priced between 30-40 million Baht, with an 89% sales rate. The 41-50 million Baht price range also had a high sales rate of 86%. Meanwhile, the 21-30 million Baht and 71-99 million Baht price ranges had an 84% sales rate. Buyers in the 30 million Baht and above range typically purchased their second homes, with Thai nationals having financial success in their careers, looking for places to relax and gather with family during various holidays.

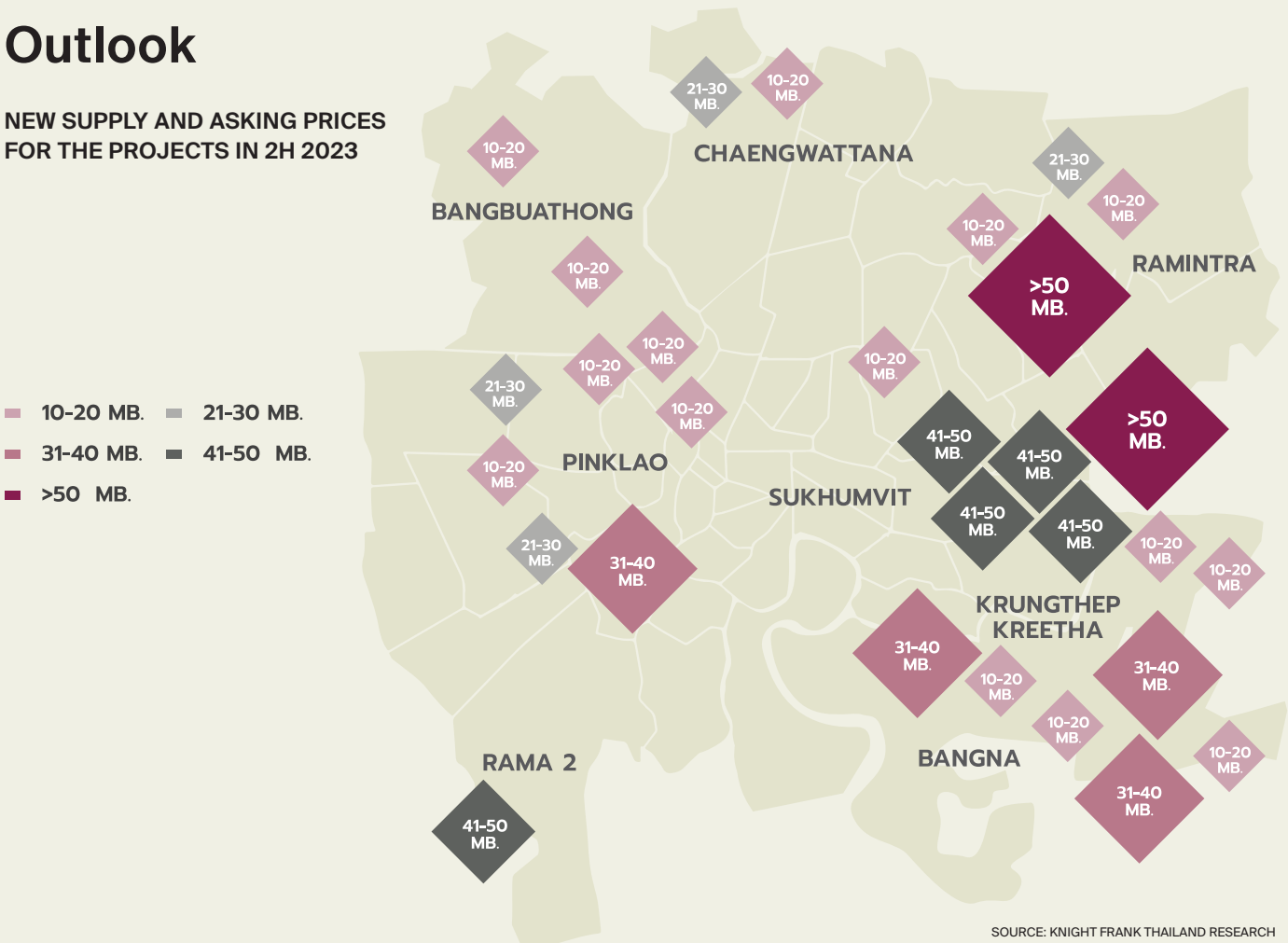
SUPPLY DEMAND AND SALES RATE OF HOUSES PRICED FROM 10 MILLION BAHT AND UP, BY ASKING PRICE RANGES AS OF FIRST-HALF 2023



SOURCE: KNIGHT FRANK THAILAND RESEARCH

Outlook

NEW SUPPLY AND ASKING PRICES FOR THE PROJECTS IN 2H 2023



SOURCE: KNIGHT FRANK THAILAND RESEARCH

In the latter half of the year, the housing market priced at 10 million Baht and above is expected to maintain positive trends. While this market segment may have a smaller overall market share, it is a high-value market with continuous growth rates. As a result, in the latter half of the year 2566 (2023), it is anticipated that both large corporations and smaller business operators will introduce housing projects similar to those launched in the latter half of 2565 (2022), estimated at around 3,000 units. This reflects the confidence of developers in the market and their adaptation to customer preferences. Housing projects introduced in the latter half are expected to be located in areas that connect to the city and are close to highways, primarily falling within the 10 to 20 million Baht price range. Additionally, the newly developing area of Krung Thep Kritha Road remains popular among developers as it shows excellent growth potential.

Furthermore, due to the increased land prices in this area, developers foresee opportunities for the development of homes priced in the range of 80 to 100 million Baht. This area is expected to become a new golden location in the future. Based on past project developments, developers have learned from buyer behavior and feedback, leading to improvements in home designs. For example, there is a focus on creating spacious and well-lit homes, such as incorporating double-volume living areas or having ground-floor bedrooms that can be converted into multipurpose rooms. Additionally, each bedroom is equipped with its own en-suite bathroom, and parking spaces are designed to accommodate a minimum of three cars. These improvements enhance the appeal of homes. Based on this experience, developers may need to carefully consider the details of new project developments in the future to better align with customer preferences, potentially leading to faster sales closures.

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



Phanom Kanjanathiemthao
Chairman
+66 (0) 2 643 8223 Ext 124
phanom.kanjanathiemthao@th.knightfrank.com



Nattha Kahapana
Managing Director
+66 (0)2643 8223 Ext 300
nattha.kahapana@th.knightfrank.com



Frank Khan
Executive Director, Head of Residential
+66 (0)2643 8223 Ext 105
frank.khan@th.knightfrank.com

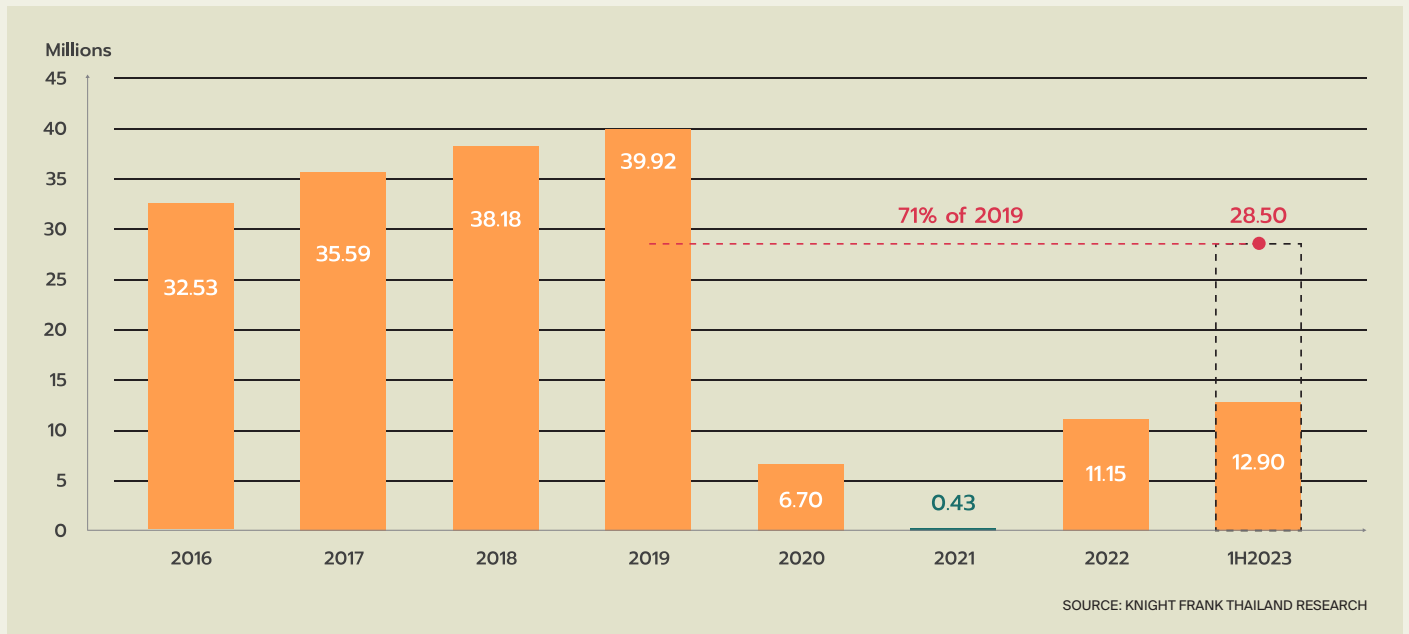


Sunchai Kooakachai
Director, Head of Research and Advisory
+66 (0)2643 8223 Ext 188
sunchai.kooakachai@th.knightfrank.com



Market Overview

► The Bangkok retail market, as of mid-2023, has made a significant recovery, thanks to an increasing number of foreign tourists since last year. The number of foreign arrivals as of June 2023 stood at 12.9 million. It is anticipated to reach a total of 28.5 million, which is approximately 71% of the levels seen in the year 2019, before the Covid-19 pandemic, by the end of this year. From January to May 2023, the top 5 countries in terms of foreign arrivals are as follows: 1. Malaysians: 2.10 million 2. Chinese: 1.44 million 3. Russians: 791 thousand 4. South Koreans: 763 thousand and 5. Indians: 761 thousand. Overall, the Bangkok retail market is on a positive trajectory in 2023, with foreign tourism playing a significant role in its recovery.



TOP 5 FOREIGN ARRIVALS FROM JANUARY-MAY 2023

1		Malaysia	2,104,714
2		China	1,443,119
3		Russia	791,574
4		South Korea	763,079
5		India	761,463

Retailers' Adaptation

2020 - 2021

- ▶ Covid-19 severely impacted businesses.
- ▶ Consumer behavior changed and shifted to online shopping.
- ▶ Number of tourists visiting shopping center decreased dramatically.
 - ▶ Consumer income decreased, mostly spending on necessity products.
 - ▶ Stores closed, both temporary and permanently.
 - ▶ Restaurants quickly adapted to delivery to survive.
 - ▶ Shopping center's revenue decreased by 30-40%.

2H 2022

- ▶ Reduced rental prices by 0-15%.
- ▶ Stores gradually renovated to open and welcome the New Year festival.
- ▶ Restaurant tenants started to use robots to serve food and vending machines to sell products.
- ▶ Recruited new stores with business growth potential to replace existing stores.
 - ▶ Hosted events and invite artists from overseas to celebrate the countdown.
 - ▶ Promoted online shopping via application.
- ▶ Penetrated new markets to diversify risks, especially small grocery businesses such as the Star Shop or Buddy Mart.
- ▶ ESG played a vital role in large shopping centers' business plans.
 - ▶ Large shopping centers in the city center recovered quickly. Meanwhile, small and medium sized shopping centers around the city center that slowly adapted still had occupancy rates below 80%.

1H 2022

- ▶ Reduced rental prices by 30-70% so stores could survive.
- ▶ Closed some sections to reduce management costs, marketing costs, and employee costs (used more robots).
- ▶ Recruited new stores with business growth potential to replace existing stores and subsidized store decoration costs partially or fully.
- ▶ Switched from Fix Rent to GP and accelerated sell by utilizing marketing channels and online platforms.
- ▶ Tested new markets to create opportunities and reduce risks such as Go Wow, Tops Food Hall.
- ▶ Turned vacant space into a flea market. Thus, rental and parking income increased. Rental rate per store was approximately 5,000-10,000 baht/month.

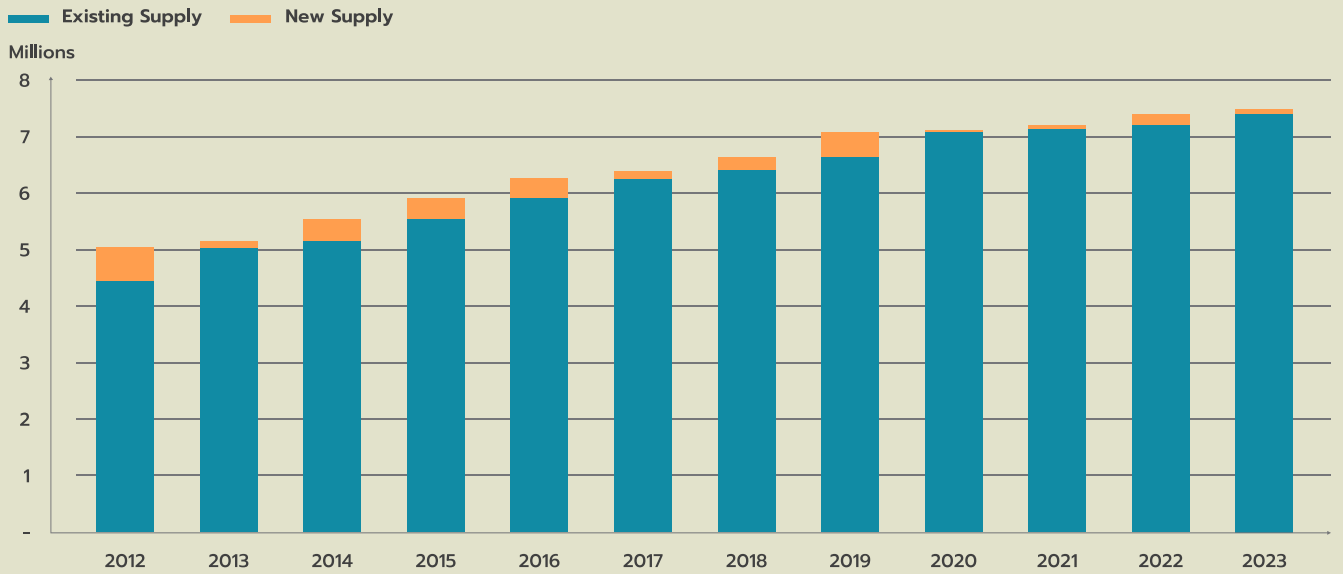
1H 2023

- ▶ Canceled rental discounts or offered a discount of approximately 0-4% after number of arrivals went back to 80% compared to the pre-Covid 19 period.
- ▶ 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.
- ▶ The shopping center's total revenue for the first quarter of 2023 increased approximately 20% from previous year.
- ▶ Celebrations were held for every festival.
- ▶ New community malls have begun to be developed, especially nearby international schools.
- ▶ Pushed mobile application at accelerated rate, and stimulated sales through promotions and gamify with various coin rewards.
- ▶ Demand recovered and tenants return to sign rental contracts in almost every segment, especially the beauty, health and wellness.

In the first quarter of 2023, retailers in Bangkok made several adaptations. Large shopping centres either cancelled rental discounts or offered discounts of approximately 0-4% after the number of arrivals returned to 80% of the pre-Covid-19 period. The recovery in the number of foreign arrivals has been swift. In 2019, there were 39.9 million foreign arrivals, and it is expected to reach 28-30 million arrivals in 2023. The total revenue of shopping centres has recovered to 50%-60% of the pre-Covid period. Celebrations were held for every festival, and new community malls have started to be developed, especially in proximity to international schools. There has been an accelerated push for mobile applications and increased stimulation of sales through promotions and gamification with various coin rewards. Moreover, demand has rebounded, and tenants are returning to sign rental contracts in almost every segment, particularly in the restaurant segment, which includes shabu, grilled pork, and beauty, health, and wellness establishments.

The total supply of retail properties in Bangkok and its surrounding areas was approximately 7.6 million square meters. There haven't been many new project openings due to the ongoing recovery of the economy and the tourism sector. Furthermore, most mega shopping centres, including One Bangkok, Bangkok Mall, Dusit Central Park, and The EmSphere, are currently under construction.

TOTAL SUPPLY IN BANGKOK FROM 2012-2023

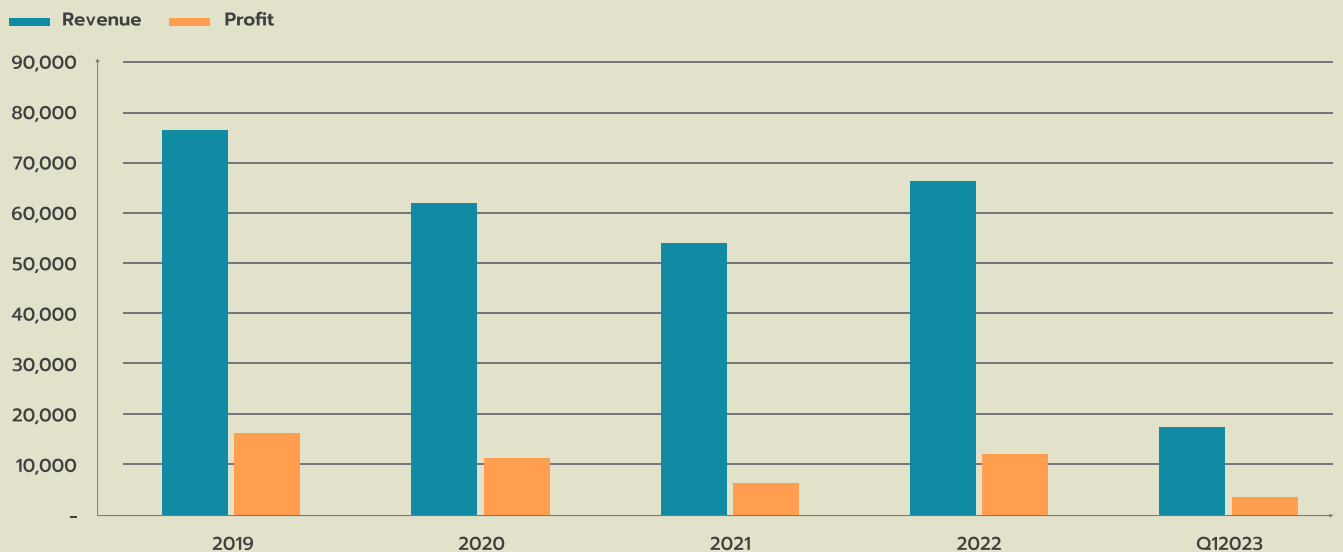


SOURCE: KNIGHT FRANK THAILAND RESEARCH

On the demand side, the shopping centre business is experiencing continuous recovery. Positive factors have emerged due to the resolved COVID-19 situation. Shopping centers are intensifying their activities and running promotions consistently during every festival. The increasing number of office workers and foreigners, coupled with government stimulus schemes like “Shop Dee Me Kuen” and spending stimulus schemes during the

election period, have significantly boosted consumption. It has been observed that the total revenue of leading shopping centres in Thailand has recovered to 87% of the pre-Covid-19 period, while overall profitability has reached 76%. For the operating results in 2023, it is anticipated that they will recover to levels very close to those seen in 2019.

REVENUE AND PROFIT OF LEADING SHOPPING CENTERS FROM 2019-2023



SOURCE: SET / MINISTRY OF COMMERCE / KNIGHT FRANK THAILAND RESEARCH

Objectives of implementing technology in Thailand Retail Market



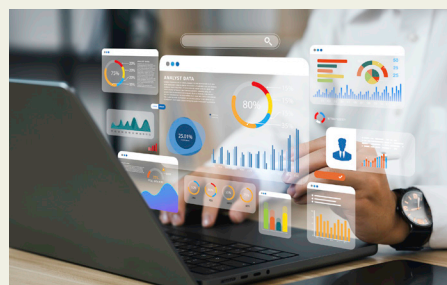
HYBRID AND OMNICHANNEL CUSTOMER JOURNEYS

Omnichannel is a combination of both online and offline to create a customers journey and provide a seamless shopping experience.



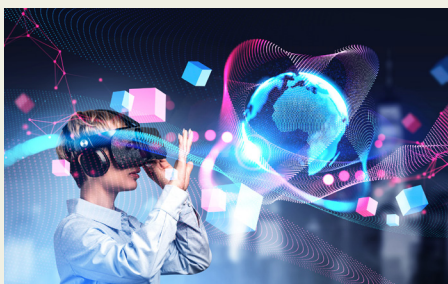
CONSCIOUS CONSUMERS CONTINUE TO DEFINE RETAIL HABITS

Consumers acknowledge the impact of consumption and business by paying attention to ESG principles (Environment, Social, Governance) as an important trend. This requires technology to solve new problems and conduct business in a transparent and auditable manner. Retailers tend to focus on this trend throughout the year.



PERSONALIZATION THROUGHOUT THE CUSTOMER JOURNEY

Brands are using personalized customer data to increase customer journey's touchpoints. Data analytics technology is instrumental in personalizing and optimizing this trend.



AR, VR, AND THE METAVERSE DRIVE IMMERSIVE, EXPERIENTIAL SHOPPING

Customers want memorable service experiences. The metaverse concept, connecting the digital world with VR and AR, is a vital way to connect with consumers. This technology is encroaching on the retail business through innovations such as virtual dressing room.



CASHLESS, CONTACTLESS, AND AUTONOMOUS SHOPPING AND DELIVERY

Consumers want to pay and receive products in a flexible and efficient manner, such as buying online and picking up at the store, buying online and returning at the store and buying online and picking up at the appointed point. AI and advanced analytics enable the inventory management process to be automated.

Definition of Retail Property Category

Department Store is an extra-large building with average rental space of approximately 30,000-500,000 square meters or more focusing on renting out space for various types of retail businesses. Main tenants are hypermarkets, retail businesses, entertainment businesses or supermarkets and small retail businesses. A connecting walkway has been laid out for convenience. Most department stores are located in the city center or around the city center and can accommodate customers within a radius of not less than 30 kilometers.

Outlet Mall is a special type of shopping center focusing on renting out space for various types of retail businesses. The main store sells products from manufacturers or products with minor defects at a lower market price. However, there may be other facilities such as a food court or restaurant included. For example, Central Village Shopping Center, Siam Premium Outlet, Pina House Premium Outlet, FN Outlet, etc.

Community Mall is a medium sized shopping center with average rental space of approximately 10,000- 20,000 square meters focusing on renting out space for various types of retail businesses. Most of tenants are supermarkets, fitness centers, tutoring centers and movie theaters. Generally there are a variety of restaurants. There are also banks and specialized stores. This type of shopping center will serve customers within a radius of 10 kilometers, such as Major Avenue Ratchayothin, La Villa Ari, Int Intersect Rama 3, etc.

Specialty Store is a shopping center focusing on renting out space for various types of retail businesses, but mainly selling specialized products. This category is not classified by size. The main stores will be stores in the same category. This type of shopping center is often known to customers who want specialized products such as Fortune Town Shopping Center selling computer equipment and camera; Platinum Fashion Mall selling clothes; Mega Plaza Shopping Center sells games and toys, etc.

Open Air Department Store is a large open-air shopping center focusing on renting out space for various types of retail businesses. Most open-air shopping centers developed as tourist attractions consisting of retail businesses, malls and retail stores. A connecting walkway has been laid out for convenience. This type of shopping center serves customers within a radius of not less than 30 kilometers such as Asiatique The Riverfront, Amphawa Floating Market, Hua Hin Sam Phan Nam Floating Market, The Circle Ratchaphruek, etc.

Supporting Retail is a business of renting out space for various types of retail businesses. It is a commercial area at that project under the management of the same juristic person to support and facilitate businesses, for example, commercial space in a condominium project or in an office building. Most of the tenants are supermarkets, convenience stores, banks, automatic vending machines for goods and services such as vending machines for medicines and medical supplies, ready-to-eat food vending machines, washing machines, dryers, coin-operated machines, etc.

RETAIL PROPERTY CATEGORY THAT IS NOT INCLUDED IN THIS REPORT:

Hypermarket is retail and wholesale stores whose main income derived from selling consumer products, sports equipment, construction materials and building decorations or other specialized products. There may be rental space for main tenants like movie theaters, supermarkets or other businesses such as Tesco Lotus, Makro, BigC, Homepro, Thai Watsadu, Decathlon, etc.

Mini Mart is an evolution from a traditional mom-and-pop store transformed into a modern shop. It is small and has a cashier counter for paying. Main income derived from selling consumer products, dry food, fresh food such as 7-11, Family mart, Lawson 108, CJ mart, etc.

.....

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



Phanom Kanjanathiemthao
Chairman
+66 (0) 2 643 8223 Ext 124
phanom.kanjanathiemthao@th.knightfrank.com



Nattha Kahapana
Managing Director
+66 (0)2643 8223 Ext 300
nattha.kahapana@th.knightfrank.com



Frank Khan
Executive Director, Head of Residential
+66 (0)2643 8223 Ext 105
frank.khan@th.knightfrank.com



Sunchai Kooakachai
Director, Head of Research and Advisory
+66 (0)2643 8223 Ext 188
sunchai.kooakachai@th.knightfrank.com



Bangkok's Hotel Market



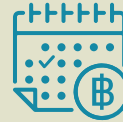
Number hotel rooms
by 1H 2023

80,300



New supply of
rooms in 1H 2023

1,310



Average daily rate (ADR)
in 1H 2023

THB 4,028
(+17% YoY)



Hotel occupancy
rate in 1H 2023

76%
(+41 p.p. YoY)

► Bangkok's tourism sector has continued with a notable resurgence in international visitor arrivals during the first half of 2023, since the full reopening of the country. A total of 11.4 million foreign tourists were attracted to the city during this period, marking an impressive 432% year-on-year increase and reaching 66% of pre-Covid levels. This noteworthy recovery has showcased Bangkok's resilience and its enduring appeal as a prominent global travel destination.

Additionally, domestic visitors to Bangkok played a significant role in boosting the city's tourism numbers. Over 7.4 million domestic visitors flocked to Bangkok during the same period,

achieving 81% of pre-pandemic levels and reflecting a remarkable 37% YoY growth.

The Tourism Authority of Thailand (TAT) anticipates a continued surge in both international and domestic tourism, projecting the number of international tourists to reach a minimum of 25 million and might even hit 30 million by the end of the year, constituting 59% and 70% of pre-Covid levels, respectively. The influx of visitors, both international and domestic, is expected to contribute significantly to the country's economy, generating an estimated 2.38 trillion baht in tourism revenue.

In terms of market sources, Asia continues to be the dominant contributor, accounting for 68% of all international

visitors. Among Asian countries, Malaysia holds the largest share, representing 16% of the total foreign tourists, closely followed by China at 11%. However, it is anticipated that China will reclaim its position as the top market source with an expected influx of 5 million Chinese visitors in the second half of the year.

Europe was the second significant source market, contributing 25% of all visitors to Thailand. Leading the European market is Russia with 7% of the total foreign tourists, trailed by the UK (3%), Germany (3%), and France (2%).

Supply and Demand

Since fully reopening in late 2022, Bangkok's hotel occupancy levels have experienced a consistent increase, reaching an impressive average occupancy rate of 76% during the first half of 2023. This represents a significant growth of +41 percentage points when compared to the same period in the previous year. Throughout the first half of the year, Bangkok's occupancy rates have remained relatively stable, fluctuating between 74% and 80%. Even during the low season in the second quarter of 2023, the occupancy rates did not witness a significant drop. This positive trend

has instilled hoteliers with optimistic expectations for the ongoing recovery of the industry in Bangkok.

The increase in demand from international visitors has led to a considerable rise in the average daily rate (ADR), which reached 4,028 baht during this period. This marks a noteworthy +17% increase compared to the average ADR before the COVID-19 pandemic.

In the first half of 2023, five new hotels opened in Bangkok, adding a total of 1,310 rooms in the upscale and midscale segments. These hotels are Dusit D2 Samyan

(179 rooms), Easting Grand Hotel Phayathai (494 rooms), ASAI Bangkok Sathon (106 rooms), Staybridge Suites Bangkok Sukhumvit (411 rooms), and Best Western Ratchada (120 rooms). Looking ahead, seven more hotels are expected to open in the second half of 2023, contributing an additional 1,667 rooms to the hotel inventory in Bangkok.

Outlook

After enduring extended periods of lockdown and fueled by an intense desire to explore, global travel has witnessed an impressive resurgence. This revival has been primarily driven by the strong demand for leisure travel. However, the tourism industry has faced certain challenges, such as hotels grappling with a tight labor market, and a limited airlift capacity leading to higher flight costs which has somewhat slowed down the pace of recovery. According to the International Air Transport Association (IATA), global air travel is anticipated to return to pre-pandemic levels by 2024, with the exception of the Asia Pacific region, which may experience a delayed recovery until 2025.

Looking ahead, our projections indicate that travel recovery will continue to gather

momentum in the latter half of 2023, with Bangkok's hotel demand remaining robust. A significant contribution to the influx of foreign visitors is expected from Chinese travelers, supported by a gradual increase in flights from China, which are still 66% lower than the levels seen before the pandemic.

By the end of the year, we anticipate occupancy levels to approach pre-pandemic levels, particularly during the high season. Despite challenges such as high inflation, the industry displayed robust performance as the ADR outpaced inflationary increases in payroll, cost of sales, and utilities. The pandemic taught hoteliers valuable lessons, leading to improved operational efficiency and setting the stage for a promising recovery. In the last ten years, the average annual growth of ADR has been relatively

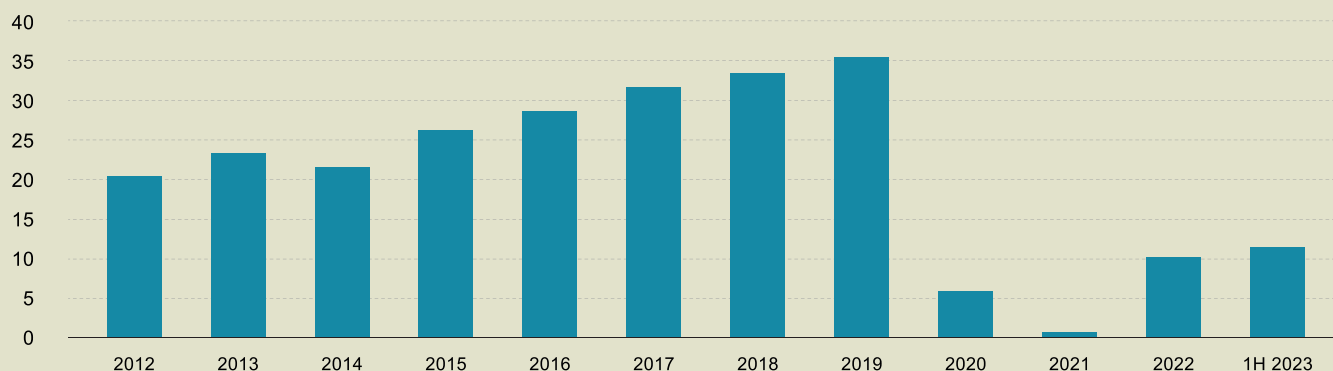
low, suggesting that the recent adjustment is long overdue. Additionally, with the persistently high-cost levels, we expect the ADR in the Bangkok hotel market to remain steady, ensuring continued profitability.

From late 2022 onward, there has been a strong resurgence in leisure travel, with luxury hotels being the primary beneficiaries. As we progress into the latter half of the year, we anticipate a considerable upswing in Meetings, Incentives, Conferences, and Exhibitions (MICE) and business travel too. Although the group tours segment is recovering at a slower pace, it is expected to have a positive impact on budget-friendly hotel categories.

BANGKOK'S INTERNATIONAL VISITORS ARRIVAL

■ Bangkok international visitors' arrival

Million People



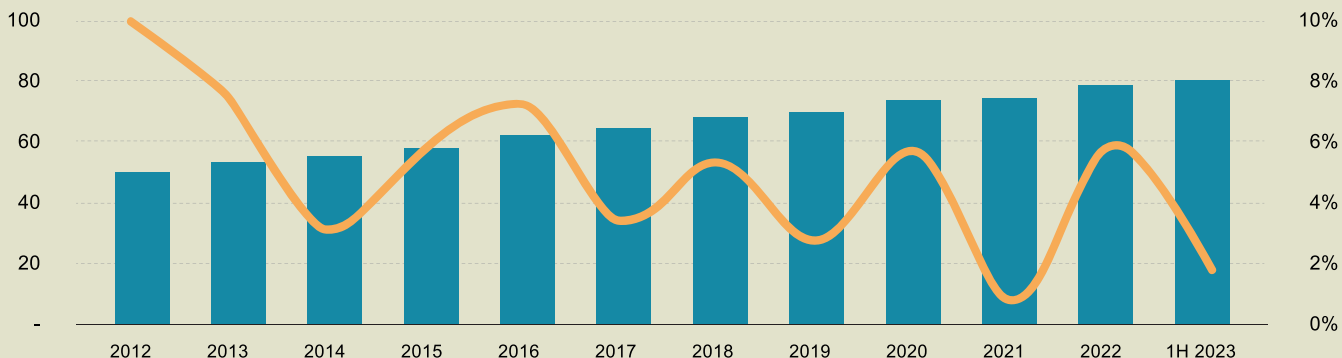
SOURCE : KNIGHT FRANK THAILAND RESEARCH

BANGKOK'S HOTEL STOCK

■ Number of hotel rooms — YoY growth (%)

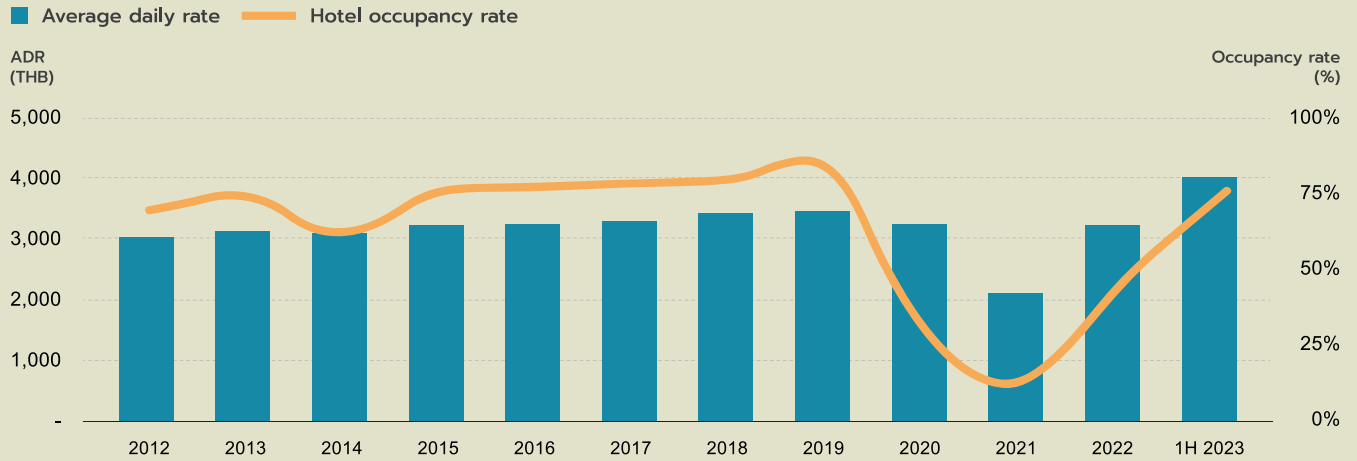
Thousands rooms

YoY growth (%)



SOURCE : KNIGHT FRANK THAILAND RESEARCH

BANGKOK'S HOTEL PERFORMANCE



SOURCE: KNIGHT FRANK THAILAND RESEARCH

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



Phanom Kanjanathiemthao
Chairman
+66 (0) 2 643 8223 Ext 124
phanom.kanjanathiemthao@th.knightfrank.com



Nattha Kahapana
Managing Director
+66 (0)2643 8223 Ext 300
nattha.kahapana@th.knightfrank.com



Carlos Martinez
Director, Research and Consultancy
+66 (0) 2643 8223 Ext 146
carlos.martinez@th.knightfrank.com



Korkaew Charoensook
Director, Hotel & Hospitality Property
and Residential / Housing Property
+66 (0) 2643 8223 Ext 155
korkaew.charoensook@th.knightfrank.com



Knight Frank Thailand Research provides strategic advice, consultancy services and forecasting to a wide range of clients worldwide including developers, investors, funding organisations, corporate institutions and the public sector. All our clients recognise the need for expert independent advice customised to their specific needs. Important Notice: © Knight Frank Thailand 2021. This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank Thailand for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank Thailand in relation to particular properties or projects. Reproduction of this report in whole or in part is not allowed without prior written approval of Knight Frank Thailand to the form and content within which it appears. Our registered office is 33/4, The 9th Towers, Grand Rama 9, Tower A, 31st Fl., Unit No. TNA 01-04 Rama 9 Road, Huaykwang District, Bangkok 10310 Thailand.

Phuket's Hotel Market



Number hotel rooms
by 1H 2023

44,241



New supply of
rooms in 1H 2023

217



Average daily rate (ADR)
in 1H 2023

THB 4,317
(+55% YoY)



Hotel occupancy
rate in 1H 2023

81%
(+49 p.p.)

*THIS REPORT EXCLUDES THE LUXURY VILLA RESORTS WITH AN AVERAGE ROOM RATE OF OVER 10,000 BAHT PER NIGHT.

► After Thailand lifted its COVID entry restrictions, Phuket witnessed an extraordinary surge in international visitors, marking a remarkable recovery for the island's tourism industry. In the first half of 2023, an astounding 1.8 million arrivals were recorded, indicating a staggering 259% year-on-year growth, reaching an impressive 68% of pre-pandemic levels. A substantial boost to these numbers came from the 1.6 million domestic visitors who flocked to Phuket during the same period, achieving an outstanding 82% of pre-pandemic levels

and reflecting a remarkable 67% year-on-year growth.

The outlook for Phuket's tourism industry remains promising, as the Thai Hotels Association projects a total of 14 million tourists by the end of 2023, equivalent to 96% of pre-covid levels, showcasing a strong and steady recovery.

In terms of international arrivals, visitors from Russia emerged as the dominant group, closely followed by those from China, constituting the majority of tourists in the first half of 2023. Noteworthy contributions

also came from visitors from India and Australia. Of particular significance, Chinese tourist arrivals climbed to second place after their country eased travel restrictions in January 2023, a positive sign for Phuket's hotel industry, considering China was the primary source of international visitors before the pandemic. This resurgence highlights Phuket's enduring allure as a top travel destination for global tourists.

Supply and Demand

In the first half of 2023, Phuket continued experiencing a surge in international arrivals, leading to a significant rise in demand for hotel accommodations. This spike in demand is evident in the impressive occupancy rate, which reached 81%, representing a remarkable 49 percentage points year-on-year increase. The peak in average occupancy occurred in March, reaching an impressive 87%, while the lowest point was observed in May, with a still respectable 73% occupancy rate.

Furthermore, there was a remarkable recovery in the ADR during H1 2023, with a substantial year-on-year increase of 55% to reach 4,371 baht. This figure stands

4.9% higher than the pre-pandemic level, indicating a promising rebound that has surpassed the levels seen before the pandemic.

Phuket's hotel industry has faced significant challenges due to the lack of financing from lenders, resulting in numerous projects being put on hold. As a consequence, the incoming hotel pipeline has been severely impacted. However, amidst these difficulties, there was one exception: the opening of the Phuket Emerald Beach Resort. This luxurious upscale resort, located on the picturesque Karon Beach, boasts 217 rooms and has contributed to the island's overall supply,

bringing the total number of rooms to 44,241 by the end of June 2023.

In addition to the new resort, there was another noteworthy development in the hotel landscape. Accor, one of the largest hotel groups in Phuket, took on a rebranding initiative and successfully transformed one of the most extensive and well-known beachfront resorts into Pullman Phuket Arcadia Karon Beach, now offering an impressive total of 662 rooms.

Outlook

The COVID-19 pandemic hit Phuket's tourism industry hard in early 2020, just like many other resort destinations worldwide. The number of foreign arrivals drastically dropped to less than 1.1 million in 2020, a sharp contrast to the 5.3 million visitors in the previous year. However, there are now encouraging signs of recovery. By the end of 2022, foreign arrival numbers started to bounce back, reaching 1.6 million. During the first half of the current year, this figure surged even further to 1.8 million, indicating a swift recovery trajectory and a positive outlook to approach pre-pandemic levels by the end of 2023.

During this period, the leisure demand from both independent travelers and groups is anticipated to experience continuous growth, and Chinese travelers will play a significant role in driving this trend.

As flights from China gradually increase, Chinese visitors are poised to reclaim their position as the top market source for the island.

With an optimistic view, it is anticipated that by the end of the year, occupancy levels will either reach or surpass pre-pandemic levels, particularly during the high season. The hotel industry has shown resilience with the ADR surpassing inflationary increases in various operational costs like payroll, cost of sales, and utilities. Hoteliers have adapted operations to become more efficient, thanks to the lessons learned during the pandemic. After experiencing minimal ADR growth over the past decade, the recent increase in ADR is seen as long overdue, especially considering the current inflationary pressures.

Nevertheless, a persistent challenge that hoteliers will continue to face is staff

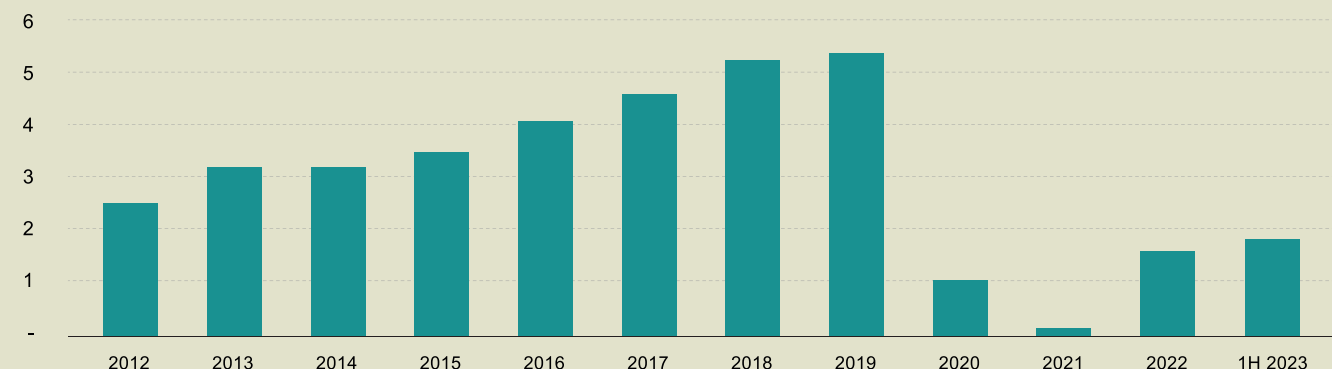
shortages, which emerged when hotels resumed operations during the recovery period in late 2022. Addressing this issue will be crucial in sustaining the recovery and providing excellent service to the growing number of visitors to Phuket.

The second half of the year is expected to witness the opening of two new upscale hotels with a total of 564 rooms. Additionally, three hotels are currently undergoing renovation and rebranding as Le Meridien Phuket Mai Khao Resort (244 rooms), Holiday Inn Resort Phuket Surin Beach (256 rooms), and Holiday Inn Resort Phuket Karon Beach (224 rooms). These developments further signal Phuket's determination to revitalize its tourism sector.

PHUKET'S INTERNATIONAL VISITOR ARRIVALS

■ Phuket's international visitors' arrival

Million People



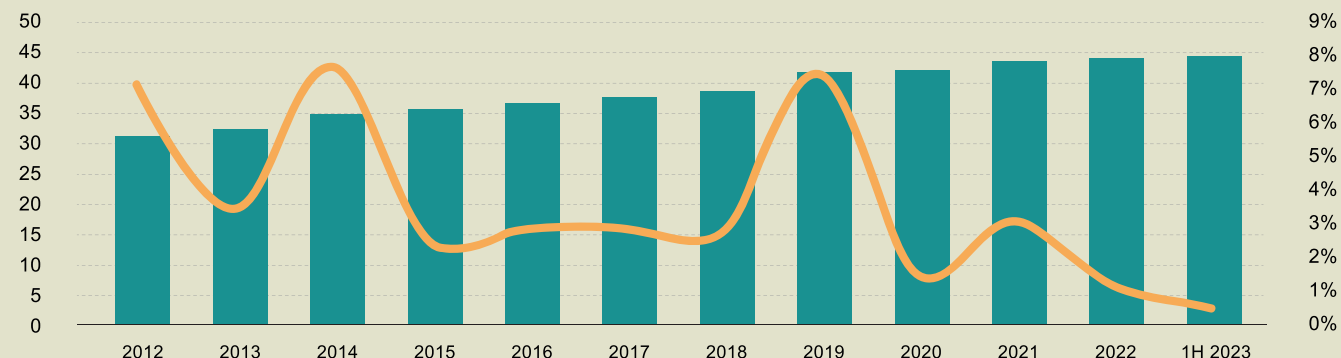
SOURCE : KNIGHT FRANK THAILAND RESEARCH

PHUKET'S HOTEL STOCK

■ Number of hotel rooms — YoY Growth (%)

Thousands rooms

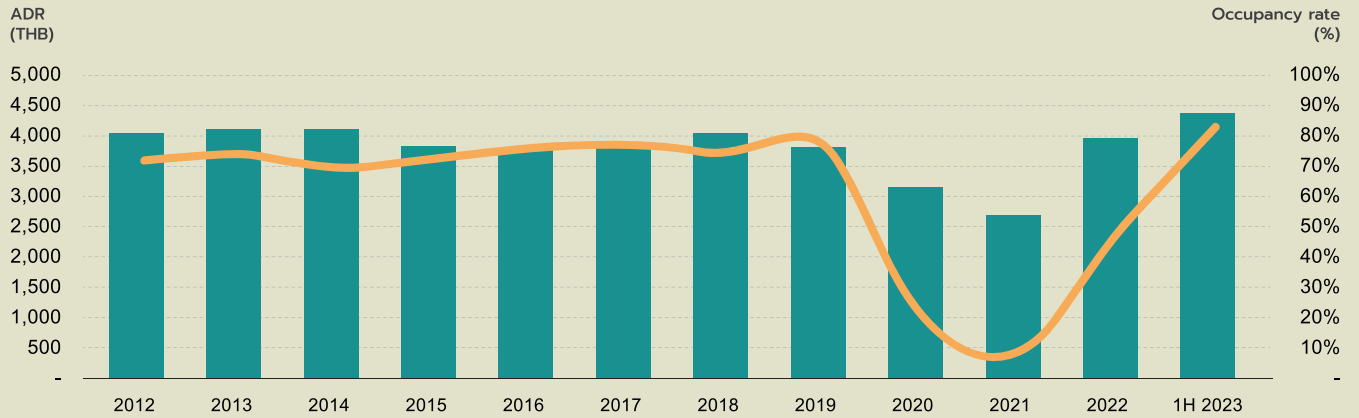
YoY growth (%)



SOURCE : KNIGHT FRANK THAILAND RESEARCH

PHUKET'S HOTEL PERFORMANCE

■ Average daily rate — Hotel occupancy rate



SOURCE: KNIGHT FRANK THAILAND RESEARCH

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



Phanom Kanjanathiemthao
Chairman
+66 (0) 2 643 8223 Ext 124
phanom.kanjanathiemthao@th.knightfrank.com



Nattha Kahapana
Managing Director
+66 (0)2643 8223 Ext 300
nattha.kahapana@th.knightfrank.com



Carlos Martinez
Director, Research and Consultancy
+66 (0) 2643 8223 Ext 146
carlos.martinez@th.knightfrank.com



Korkaew Charoensook
Director, Hotel & Hospitality Property
and Residential / Housing Property
+66 (0) 2643 8223 Ext 155
korkaew.charoensook@th.knightfrank.com



Knight Frank Thailand Research provides strategic advice, consultancy services and forecasting to a wide range of clients worldwide including developers, investors, funding organisations, corporate institutions and the public sector. All our clients recognise the need for expert independent advice customised to their specific needs. Important Notice: © Knight Frank Thailand 2021. This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank Thailand for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank Thailand in relation to particular properties or projects. Reproduction of this report in whole or in part is not allowed without prior written approval of Knight Frank Thailand to the form and content within which it appears. Our registered office is 33/4, The 9th Towers, Grand Rama 9, Tower A, 31st Fl., Unit No. TNA 01-04 Rama 9 Road, Huaykwang District, Bangkok 10310 Thailand.

	5.96M SUPPLY (sq m)	4.69M OCCUPIED SPACE (sq m)	78.8% OCCUPANCY RATE	815.- ASKING RENT (THB / sq m / month)
% Change Q-o-Q	▲ 1.1%	▲ 0.8%	▼ 0.2% pts.	▲ 0.8%
Y-o-Y	▲ 4.3%	▲ 2.6%	▼ 1.3% pts.	▲ 1.7%

Economic Overview

The Thai economy in Q2 continued to make strides alongside subdued inflation.

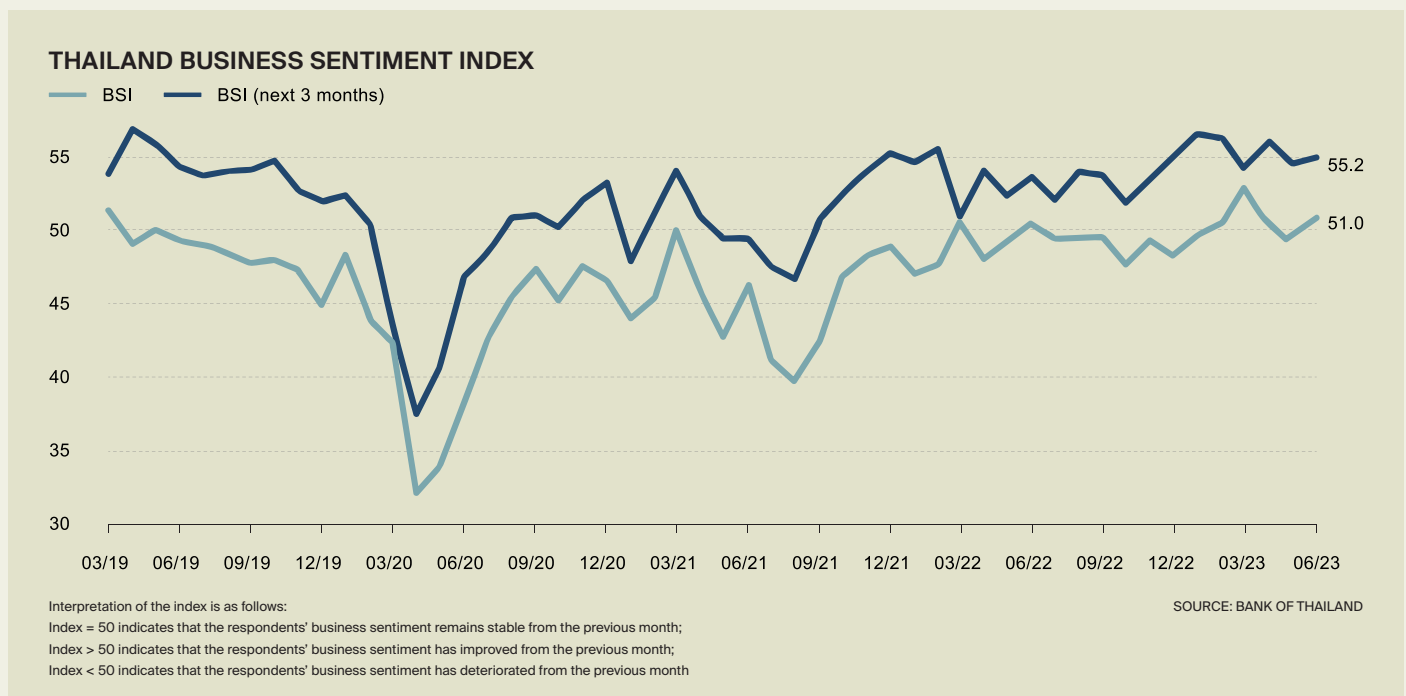
In Q2 2023, the Thai economy continued to make progress on its recovery path. Private consumption rose with improvements in the labour market, notably in the hospitality sector. Private investment increased, driven by investments in machinery and equipment, alongside a surge in foreign direct investment (FDI) inflow. Public spending also saw growth, attributed to compensations for public servants and investments by state-owned enterprises. In addition, the trade surplus mainly from contracted imports led to a surplus in the current account, reaching its highest level in over two years at 3% of the

GDP. Despite the overall gradual recovery, the Thai economy lagged behind other major ASEAN economies like Vietnam, Malaysia, and Indonesia, primarily due to its higher reliance on the external sector, particularly trade and tourism.

In June 2023, headline inflation increased by 0.2%, pushing the year-to-date average down to 2.49%, marking the sixth consecutive month of declining inflation. This was mainly due to slow growth in food prices, significant declines in energy prices, and a high base from the previous year. Core inflation mirrored this pattern, reaching 1.3% yet still above

the pre-pandemic average of under 1%. As inflationary pressures persisted, the central bank maintained a gradual monetary policy normalisation approach to address inflation while supporting economic recovery.

The Business Sentiment Index (BSI) declined to 51.0 from 52.9 in the previous quarter due to worsening firm performance and reduced production levels. However, there is an improvement in the 3-month expected BSI, indicating a belief that the production cost will increase at a slower rate and return to the target range.



Supply

Bangkok's total supply of office space this quarter expanded by 79,000 sq m or +1.1% Q-o-Q. Two new buildings were launched in Q2, including Park Silom on the corner of Silom and Convent Road and The Unicorn, which connected to the Phayathai BTS station. Meanwhile, the total lettable area of green office space increased by 6.3% Q-o-Q to 1,340,000 sq m, making up 22% of the total market.

BANGKOK OFFICE SUPPLY CHANGE

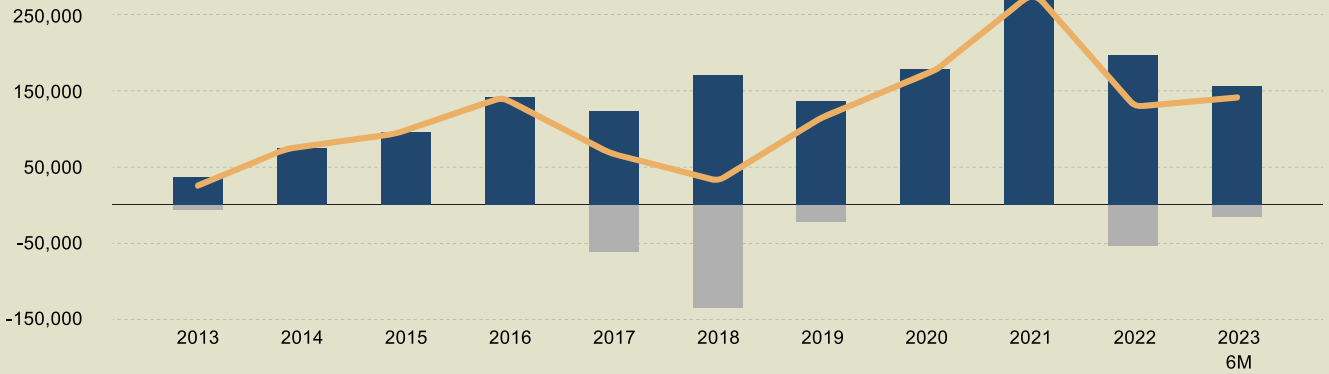
	Q2 2023 (sq m)	Supply % Change		10 Yr. Avg. Growth Rate
		(Q-o-Q)	(Y-o-Y)	
Market	5,958,000	▲ 1.1%	▲ 4.3%	▲ 2.6%
Green	1,340,000	▲ 6.3%	▲ 28.6%	▲ 16.8%

SOURCE: KNIGHT FRANK (THAILAND) – OCCUPIER STRATEGY & SOLUTIONS

BANGKOK OFFICE NET SUPPLY CHANGE

SQ M

■ Additions ■ Withdrawals — Net Supply Change



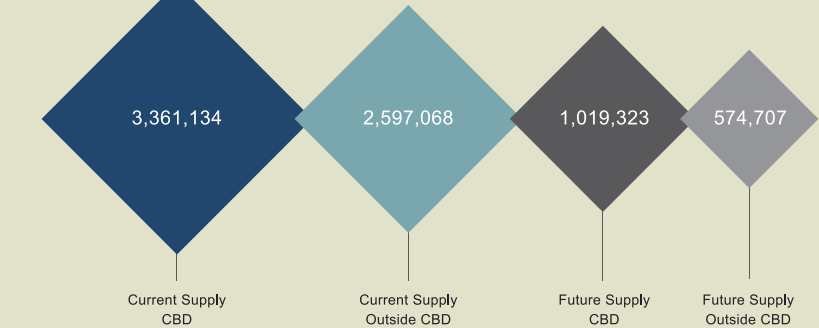
SOURCE: KNIGHT FRANK (THAILAND) – OCCUPIER STRATEGY & SOLUTIONS

Future Supply

In Q2, two new projects outside the central business district (CBD), including AIA Connect on Ratchadapisek Road and V.One Tower on Rama 9 Road, were introduced. Looking ahead, the projected office supply by the end of 2023, 2024, and 2025 is estimated at 368,000 sq m, 480,000 sq m, and 302,000 sq m, respectively. The total lettable area of these forthcoming developments is expected to reach 1.59 million sq m, representing 27% of the current office supply. Of this upcoming supply, 64% is concentrated within the CBD.

BANGKOK OFFICE CURRENT AND FUTURE SUPPLY

SQ M

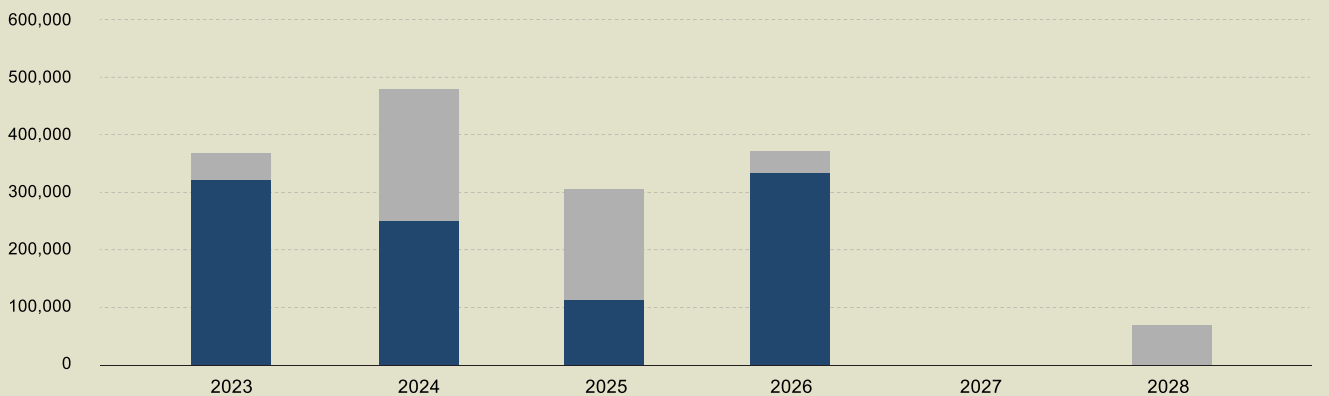


SOURCE: KNIGHT FRANK (THAILAND) – OCCUPIER STRATEGY & SOLUTIONS

BANGKOK OFFICE FUTURE SUPPLY IN CBD VS NON-CBD

SQ M

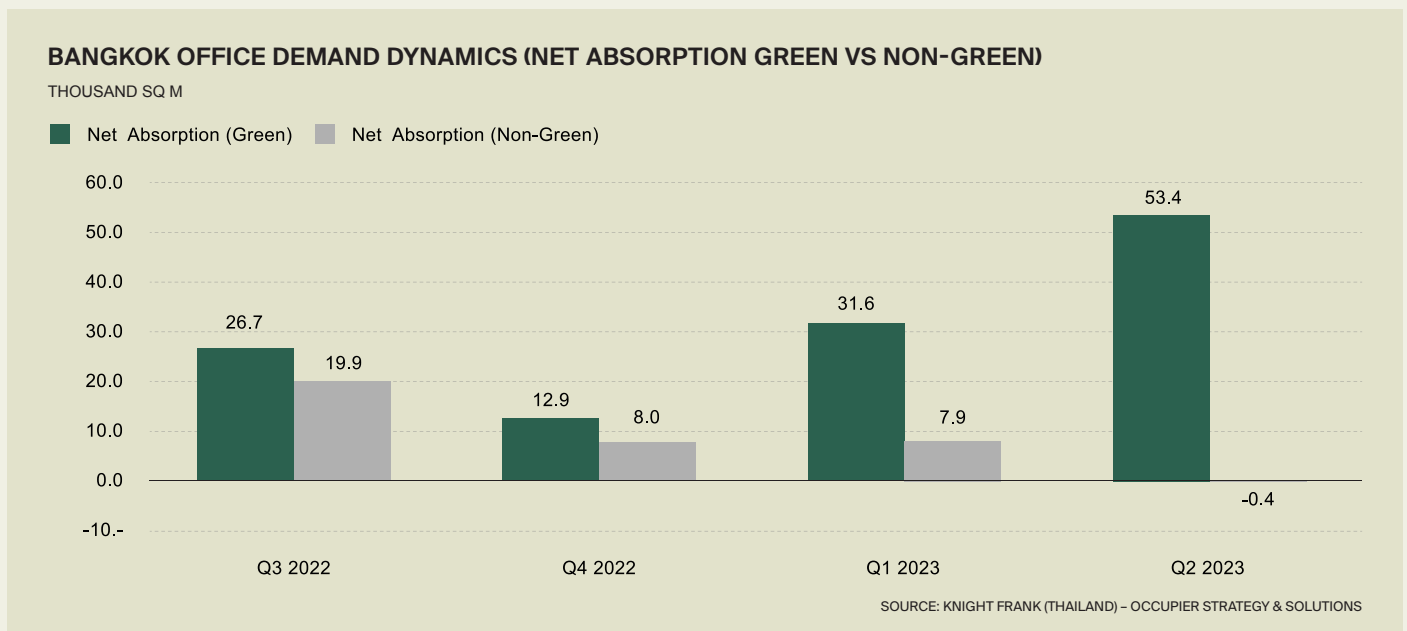
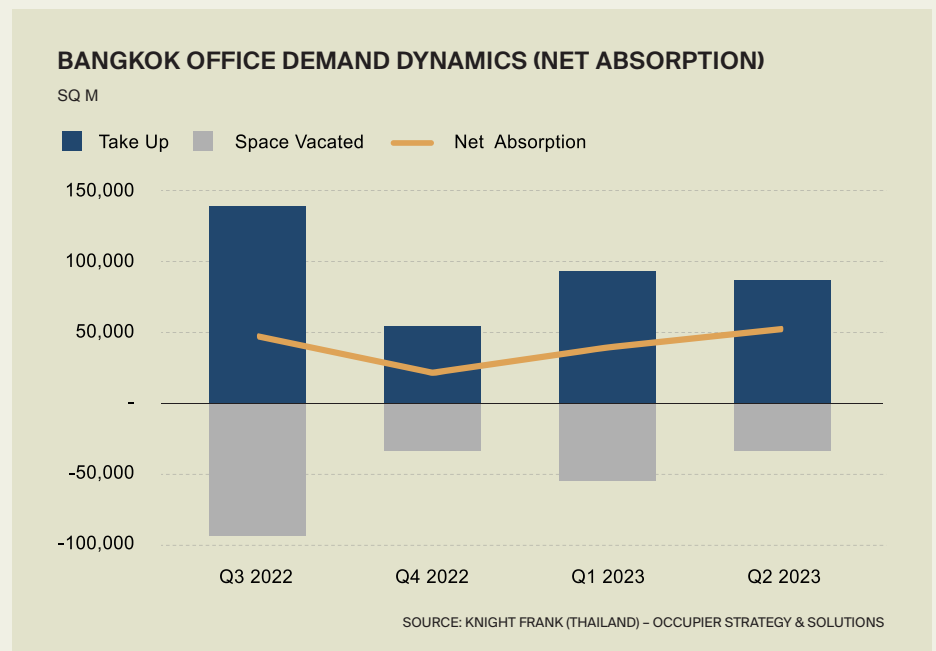
■ CBD ■ Non-CBD



SOURCE: KNIGHT FRANK (THAILAND) – OCCUPIER STRATEGY & SOLUTIONS

Demand

The office market in Q2 2023 demonstrated a robust net absorption figure of 53,000 sq m compared to 39,500 sq m in Q1 2023. This favourable trend continued over the past year, with the market's net absorption reaching 160,000 sq m, surpassing the pre-COVID levels. Notably, green buildings accounted for the entirety of this expansion, with a net absorption of 53,400 sq m, indicating a preference for sustainable leasing options. During this quarter, the central business district (CBD) experienced a notable surge in demand for office spaces, largely attributed to the occupancy of newly constructed buildings. The net absorption for properties in the CBD stood at 38,100 sq m, whereas non-CBD properties experienced a lower net absorption of 14,900 sq m.



Market Dynamics by Segment

The Bangkok office market experienced positive net absorption across all grades, driven by strong demand for recently completed buildings.

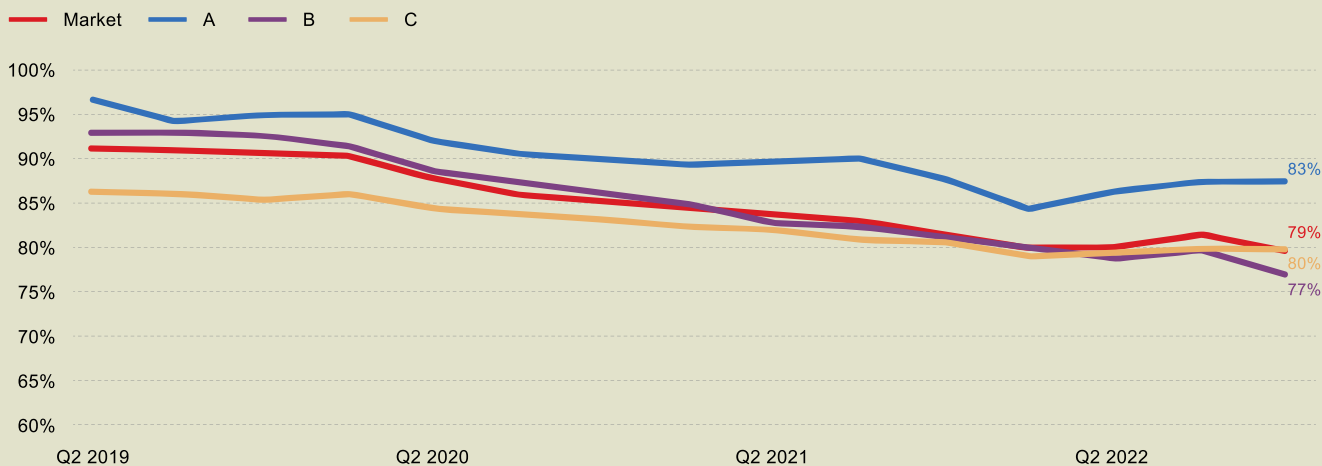
In Q2 2023, the total occupied space in the Bangkok office market witnessed a rise of 53,000 sq m, reaching a total of 4.69 million sq m. All grades continued to experience positive net absorption during this period. Grade A demonstrated the most substantial increase in occupied space, with a quarterly net absorption of 36,600 sq m, primarily driven by strong demand for recently completed buildings. Similarly, grade B experienced significant

improvement, nearly doubling its last quarter's net absorption to 14,100 sq m. Meanwhile, grade C did not see significant changes, recording a small positive net absorption of 2,300 sq m.

The overall market occupancy rate experienced a slight decline of -0.2% pts Q-o-Q to 79%. Grade A witnessed the most reduction among all grades, declining by -2.2% pts Q-o-Q and -3.9% pts Y-o-Y to reach 83%. Grade B saw a slight improvement

in occupancy rate, increasing by 0.4% pts Q-o-Q, although it still fell by almost 2% pts Y-o-Y. Finally, the occupancy rate for grade C remained relatively stable, maintaining a level just below 80%.

BANGKOK OFFICE OCCUPANCY RATE BY GRADE



SOURCE: KNIGHT FRANK (THAILAND) – OCCUPIER STRATEGY & SOLUTIONS

BANGKOK OFFICE OCCUPANCY RATE BY GRADE

	Q2 2023	Occupancy Rate % Change		10 Yr. Avg. Occupancy Rate
		(Q-o-Q)	(Y-o-Y)	
Market	79%	▼ 0.2% pts	▼ 1.3% pts	89%
Grade A	83%	▼ 2.2% pts	▼ 3.9% pts	93%
Grade B	77%	▲ 0.4% pts	▼ 1.8% pts	89%
Grade C	80%	▼ 0.1% pts	▲ 0.2% pts	86%

SOURCE: KNIGHT FRANK (THAILAND) – OCCUPIER STRATEGY & SOLUTIONS

BANGKOK OFFICE OCCUPIED SPACE AND NET ABSORPTION BY GRADE

SQ M - NEAREST HUNDRED

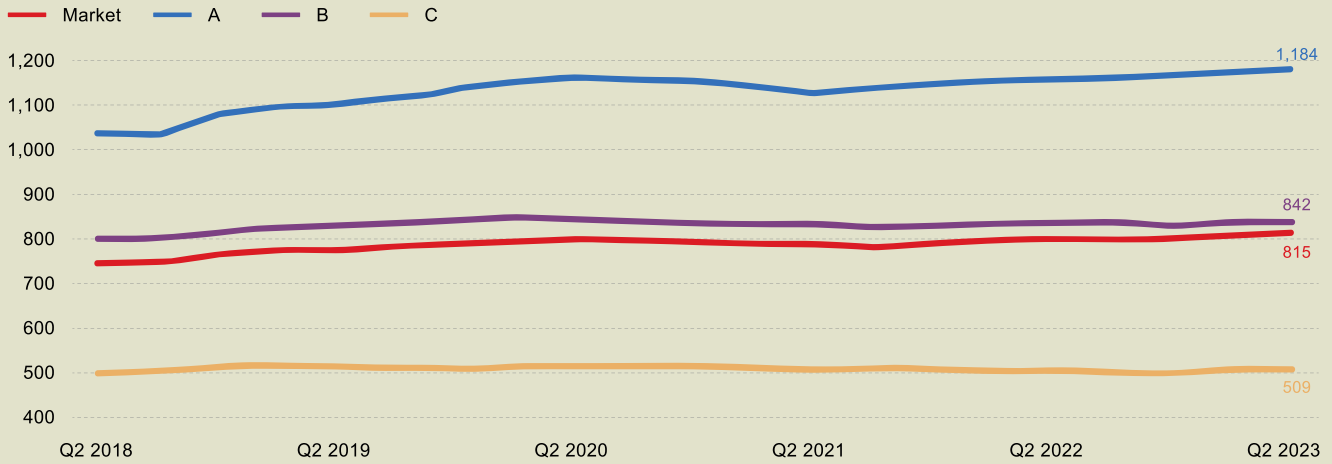
	Occupied Space as of Q2 2023	Net Absorption	
		Per Quarter	Per Annum
Market	4,693,900	53,000	160,000
Grade A	937,400	36,600	79,400
Grade B	2,355,100	14,100	70,600
Grade C	1,355,900	2,300	10,000

SOURCE: KNIGHT FRANK (THAILAND) – OCCUPIER STRATEGY & SOLUTIONS

In Q2 2023, the office market in Thailand recorded an average rent of THB 815 per sq m per month, indicating a slight increase of 1.0% Q-o-Q and 1.3% Y-o-Y. Among the different office grades, Grade A, which commanded the highest rent at THB 1,184, showed a more substantial growth of 1.9% Q-o-Q and 2.6% Y-o-Y, attributed mainly to the completion of prime-grade offices in the central business district (CBD). Grade B followed with an average rent of THB 842, experiencing a 1.2% increase Q-o-Q and 1.4% Y-o-Y. Conversely, Grade C had the lowest rent at THB 509, witnessing very slight changes Q-o-Q and Y-o-Y.

BANGKOK OFFICE AVERAGE ASKING RENT BY GRADE

BAHT / SQ M / MONTH



SOURCE: KNIGHT FRANK (THAILAND) – OCCUPIER STRATEGY & SOLUTIONS

BANGKOK OFFICE AVERAGE ASKING RENT BY GRADE

BAHT / SQ M / MONTH

	Q2 2023	Rent % Change		
		(Q-o-Q)	(Y-o-Y)	10 Yr. Annual Growth Rate
Market	815	▲ 1.0%	▲ 1.3%	▲ 3.2%
Grade A	1,184	▲ 1.9%	▲ 2.6%	▲ 4.1%
Grade B	842	▲ 1.2%	▲ 1.4%	▲ 2.8%
Grade C	509	▼ 0.1%	▲ 0.2%	▲ 1.5%

SOURCE: KNIGHT FRANK (THAILAND) – OCCUPIER STRATEGY & SOLUTIONS

Market Dynamics by Area

Office rents in the CBD witnessed an upward movement, while the non-CBD area showed no overall change.

The average rental rate for CBD properties increased to 932 THB per sq m per month, while the average occupancy rate experienced a slight dip, reaching 83%. Ploenchit - Chidlom - Wireless emerged as the top-performing submarket, with an average rent growing by 0.9% Q-o-Q and an occupancy rate increasing by 1.3% Q-o-Q. This positive performance was primarily driven by the demand for new buildings such as One City Centre, Vanissa Building, and Amarin Tower (Renovated).

Moving on to the Silom - Sathorn - Rama IV submarket, the completion of Park Silom contributed to a 2.0% Q-o-Q rent increase, with the addition of over 50,000 sq m of new office space in the area. Despite this increase in supply, the occupancy rate in Silom - Sathorn - Rama IV only declined by 0.7% Q-o-Q, highlighting robust demand as indicated by a net absorption of 36,800 sq m during the quarter.

Office space outside the CBD maintained an average asking rent of 663 THB per sq

m per month, and the occupancy rate at 74%. Notably, the Phaholyothin - Viphavadi area witnessed a rent reduction of 1.4% Q-o-Q, which led to a surge in demand. This increase in demand was evident through a net absorption of 9,600 sq m and a notable 1.8% Q-o-Q rise in the occupancy rate. Meanwhile, the Petchburi - Rama IX - Ratchada and Bangna - Srinakarin areas saw no change in rent, with slight decreases in their occupancy rates of 0.4% and 0.1%, respectively.

BANGKOK OFFICE SUB-MARKET INDICATORS

Area	Average Asking Rent (THB / SQ M / Month)	Rent % Change		Occupancy Rate (%)	Occupancy Rate % Change	
		(Q-o-Q)	(Y-o-Y)		(Q-o-Q)	(Y-o-Y)
CBD	923	▲ 1.0%	▲ 2.8%	83%	▼ 0.3%	▼ 1.0%
Ploenchit - Chidlom - Wireless	1,062	▲ 0.9%	▲ 3.4%	80%	▲ 1.3%	▼ 4.9%
Nana - Asoke - Phrompong	934	▲ 0.1%	▲ 1.6%	83%	▼ 0.8%	▼ 2.1%
Silom - Sathorn - Rama IV	912	▲ 2.0%	▲ 2.4%	83%	▼ 0.7%	▲ 0.5%
Non - CBD	663	0.0%	▲ 0.3%	74%	▼ 0.1%	▼ 1.7%
Petchburi - Rama IX - Ratchada	723	0.0%	0.0%	79%	▼ 0.4%	▼ 1.3%
Phaholyothin - Viphavadi	682	▼ 1.4%	▼ 0.7%	74%	▲ 1.8%	▲ 0.4%
Bangna - Srinakarin	616	0.0%	▲ 6.7%	64%	▼ 0.1%	▼ 9.9%

SOURCE: KNIGHT FRANK (THAILAND) – OCCUPIER STRATEGY & SOLUTIONS

BANGKOK OFFICE OCCUPIED SPACE AND NET ABSORPTION BY AREA

SQ M - NEAREST HUNDRED

Area	Occupied Space as of Q2 2023	Net Absorption	
		Per Quarter	Per Annum
CBD	2,775,900	38,100	86,100
Ploenchit - Chidlom - Wireless	508,500	8,300	24,700
Nana - Asoke - Phrompong	499,800	-4,700	-11,300
Silom - Sathorn - Rama IV	1,296,500	36,800	73,000
Non - CBD	1,918,000	14,900	79,400
Petchburi - Rama IX - Ratchada	738,400	-4,000	-24,000
Phaholyothin - Viphavadi	393,000	9,600	24,700
Bangna - Srinakarin	242,400	-200	11,400

SOURCE: KNIGHT FRANK (THAILAND) – OCCUPIER STRATEGY & SOLUTIONS

Review & Outlook

Bangkok office demand continued its expansion trend, displaying positive net absorption of 53,000 sq m in Q2 2023, signifying a stronger performance compared to the previous quarter. Over the past year, net absorption figures totaled 160,000 sq m, already surpassing pre-COVID levels. However, the supply of office space continued to outpace demand, expanding by 79,000 sq m in Q2. Consequently, the overall occupancy rate experienced a decline, reaching 79%. Looking forward, the tenant-favoured market is expected to persist, with a substantial 1.59 million sq m remaining in the pipeline, including approximately 80,000 sq m recently added in this quarter.

Among the various trends monitored by Knight Frank, technology has emerged as a primary driving force in shaping work culture, transforming workplaces, and revolutionising collaboration processes. The

integration of advanced tools and digital solutions has led to heightened productivity and seamless communication. Certifications like WiredScore and SmartScore have been introduced as the global standards for digital connectivity in the built environment. The two certifications have gained prominence among occupiers as indicators of buildings with advanced technology infrastructure and among owners and developers as valuable tools for branding and marketing their properties. While the concepts of WiredScore and SmartScore are related, they serve slightly different purposes. Simply put, WiredScore assesses the internet connectivity and infrastructure of buildings, ensuring they cater to the needs of tech-driven businesses and occupants. On the other hand, SmartScore evaluates the integration of smart technology and digital amenities in commercial buildings, fostering efficient

and tech-savvy work environments.

In recent years, SmartScore and WiredScore certifications have gained significant popularity in the US and Europe, certifying approximately 75 million sq m of commercial space, according to the WiredScore website. However, in Thailand, these certifications are still in an early stage of adoption and implementation. Currently, there are only six certified office buildings, covering 236,000 sq m, which accounts for 4% of the current supply. Nonetheless, it is notable that eight future buildings, totaling 632,000 sq m, or 40% of the total future supply, are planned to be certified. The evidence points to the market's shift towards embracing these certifications as technology standards for properties and a potential trend towards higher demand for tech-enabled office spaces in Bangkok.

Glossary

CENTRAL BUSINESS DISTRICT (CBD)

The CBD is the region in Bangkok with the greatest concentration of grade A office buildings, 5-star hotels and luxury shopping malls. Areas within the CBD are easily accessible via mass transit systems.

GREEN BUILDINGS

The office buildings classified by green building certificates, including LEED and TREES.

GRADE A BUILDINGS

By desirability, these prime properties command the highest market rent (top 20%). You will find them located in the Central Business District, within 500m of a mass transit station, and have a floor plate of at least 1,000 sq m.

GRADE B BUILDINGS

The largest sector of the office market, these are the buildings that were traditionally in tremendous demand.

They might not be the most expensive properties in the market, but they represent good value for money.

GRADE C BUILDINGS

Typically older properties, these buildings provide office space for rent at the most competitive rents in the market (bottom 40%).

TAKE UP

Measures the total amount of previously available space and new supply leased by tenants during a given period. It is an indicator of the amount of recent leasing activity. It does not account for the amount of space vacated by tenants.

SPACE VACATED

Measures the total amount of space vacated and not re-let during a given period.

NET ABSORPTION

Measures the change in occupied space during a given period. Net absorption indicates the change in demand relative to the current supply available in the market. In other words, it is the total amount of space leased minus the total amount of space vacated by tenants.

NOTE:

ALL FIGURES EXCLUDE MULTI-OWNER, OCCUPIED PREMISES AND OFFICE BUILDINGS WITH A TOTAL LEASABLE AREA OF LESS THAN 5,000 SQ M.

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



Phanom Kanjanathiemthao

Chairman
+66 (0) 2 643 8223 Ext 124
phanom.kanjanathiemthao@th.knightfrank.com



Nattha Kahapana

Managing Director
+66 (0)2643 8223 Ext 300
nattha.kahapana@th.knightfrank.com



Marcus Burtenshaw

Executive Director,
Head of Occupier Strategy & Solutions
+66 (0) 2 643 8223 Ext 104
marcus.burtenshaw@th.knightfrank.com



Panya Jenkitvathanalert

Executive Director,
Division Head of Office Strategy & Solutions
+66 (0) 2 643 8223 Ext 230
panya.jenkitvathanalert@th.knightfrank.com



Knight Frank Thailand Research provides strategic advice, consultancy services and forecasting to a wide range of clients worldwide including developers, investors, funding organisations, corporate institutions and the public sector. All our clients recognise the need for expert independent advice customised to their specific needs. Important Notice: © Knight Frank Thailand 2021. This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank Thailand for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank Thailand in relation to particular properties or projects. Reproduction of this report in whole or in part is not allowed without prior written approval of Knight Frank Thailand to the form and content within which it appears. Our registered office is 33/4, The 9th Towers, Grand Rama 9, Tower A, 31st Fl., Unit No. TNA 01-04 Rama 9 Road, Huaykwang District, Bangkok 10310 Thailand.

	5.57M SUPPLY (sq m)	4.88M OCCUPIED SPACE (sq m)	87.6% OCCUPANCY RATE	159 ASKING RENT (THB / sq m / month)
% Change				
H-o-H	▲ 3.8%	▲ 6.1%	▲ 1.9% pts.	▼ 0.4%
Y-o-Y	▲ 9.3%	▲ 12.3%	▲ 2.4% pts.	▲ 0.1%

Economic Overview

The Thai economy recorded a 2.2% expansion in H1 2023, falling short of the earlier forecasts due to the ongoing weak external demand, contracted government spending and lower-than-expected tourist expenditures.

The economic data from the National Economic and Social Development Council (NESDC) indicates that the Thai economy exhibited a slower growth rate than anticipated in the first six months of 2023. Under the expenditure approach, the driving force behind Thailand’s GDP growth during this period remained private consumption, which experienced a 6.8% Y-o-Y increase, slightly lower than the 7.3% Y-o-Y recorded in H2 2022. On the other hand, public expenditure experienced a further decline, reaching -5.3% Y-o-Y in H1, following a reduction of -4.2% Y-o-Y in the preceding half-year due to a substantial decrease in healthcare expenses related to COVID-19. Fixed capital formation displayed a deceleration, with a growth of 1.8% Y-o-Y in H1, a decrease from the 4.7% Y-o-Y recorded in H2, largely attributed to reduced public investment during the interim government. When examining the external sector, the value of exports in H1 grew at a more modest pace of 1.4% Y-o-Y, down from 3.9% Y-o-Y in H2. This decrease stemmed from diminished global demand,

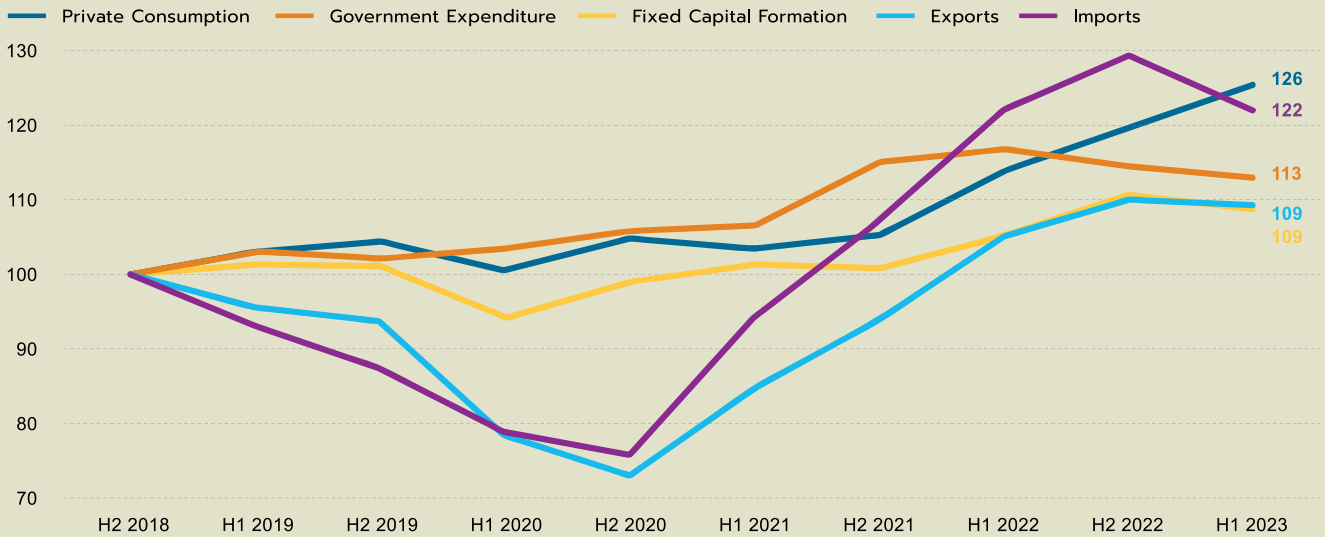
especially for products like storage devices, chemicals, petrochemicals, and agricultural goods such as rubber and palm oil. Similarly, the value of imports also witnessed a slowdown, decreasing by -1.7% Y-o-Y compared to an increase of 2.3% Y-o-Y in H2, primarily owing to a contraction in the demand for raw materials and intermediate goods associated with exports.

Under the production approach, non-agricultural production, which encompasses the industrial and service sectors and constitutes around 90% of the GDP, experienced 2.1% Y-o-Y growth in H1. While the industrial sector faced a contraction of 2.7% Y-o-Y, the service sector demonstrated a positive expansion of 4.7% Y-o-Y. Specifically within the service sector, there was a notable 10.0% Y-o-Y increase in transportation and storage, whereas real estate activities showed a rise consistent with the average, standing at 2.2% Y-o-Y.

Looking at the indicators related to logistics, statistics from the Office of Industrial Economics (OIE) indicate that the production index experienced a slight

decline from 97 in H2 2022 to 94 in H1 2023. At the same time, the finished goods inventory index saw a rise from 136 to 139. This combination of reduced production and heightened inventory levels mirrored the patterns observed in the industrial sector and export trends.

THAILAND'S GDP COMPONENT INDEX (2018=100)



NOTE: CALCULATED FROM SEASONALLY ADJUSTED DATA WITH CURRENT MARKET PRICES

SOURCE: NESDC

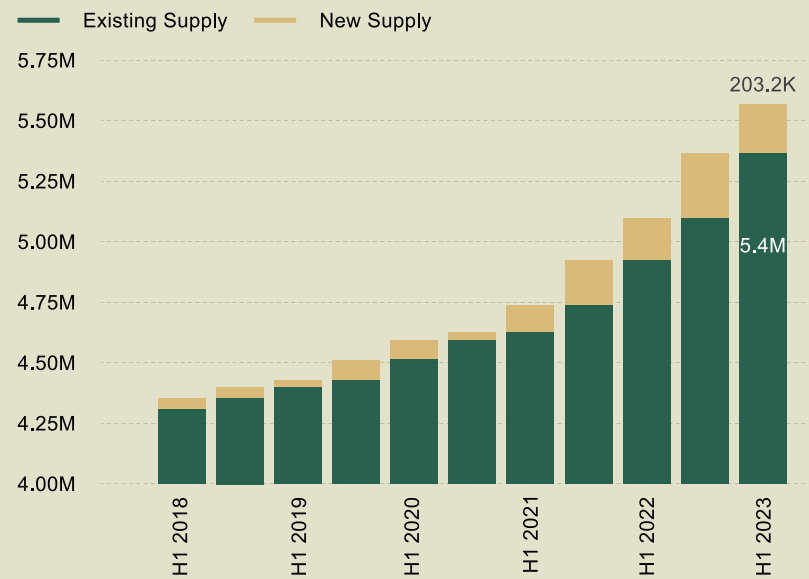
Under the production approach, non-agricultural production, which encompasses the industrial and service sectors and constitutes around 90% of the GDP, experienced 2.1% Y-o-Y growth in H1. While the industrial sector faced a contraction of 2.7% Y-o-Y, the service sector demonstrated a positive expansion of 4.7% Y-o-Y. Specifically within the service sector, there was a notable 10.0% Y-o-Y increase in transportation and storage, whereas real estate activities showed a rise consistent with the average, standing at 2.2% Y-o-Y.

Looking at the indicators related to logistics, statistics from the Office of Industrial Economics (OIE) indicate that the production index experienced a slight decline from 97 in H2 2022 to 94 in H1 2023. At the same time, the finished goods inventory index saw a rise from 136 to 139. This combination of reduced production and heightened inventory levels mirrored the patterns observed in the industrial sector and export trends.

Supply Current Supply

The total supply of ready-built warehouses accounted for 5.57 million sq m, an increase of 203,150 sq m of warehouse space compared to H2 2022. This addition represented a growth of 3.8% H-o-H and 9.3% Y-o-Y. The new supply included MP Warehouse (Nong Yai Bu), KR Warehouse close to Pinthong 3 Industrial Estate, Namyong at WHA Chonburi Industrial Estate, Namyong at WHA Chonburi Industrial Estate 1 in Chonburi, Bangkok Free Trade Zone 4 in Chachengsao, and Bangkok Free Trade Zone 6 in Samutprakarn.

SUPPLY OF SUPER PRIME CONDOMINIUMS FROM 2011 - 1H 2023



SOURCE: KNIGHT FRANK THAILAND RESEARCH

Supply Distribution

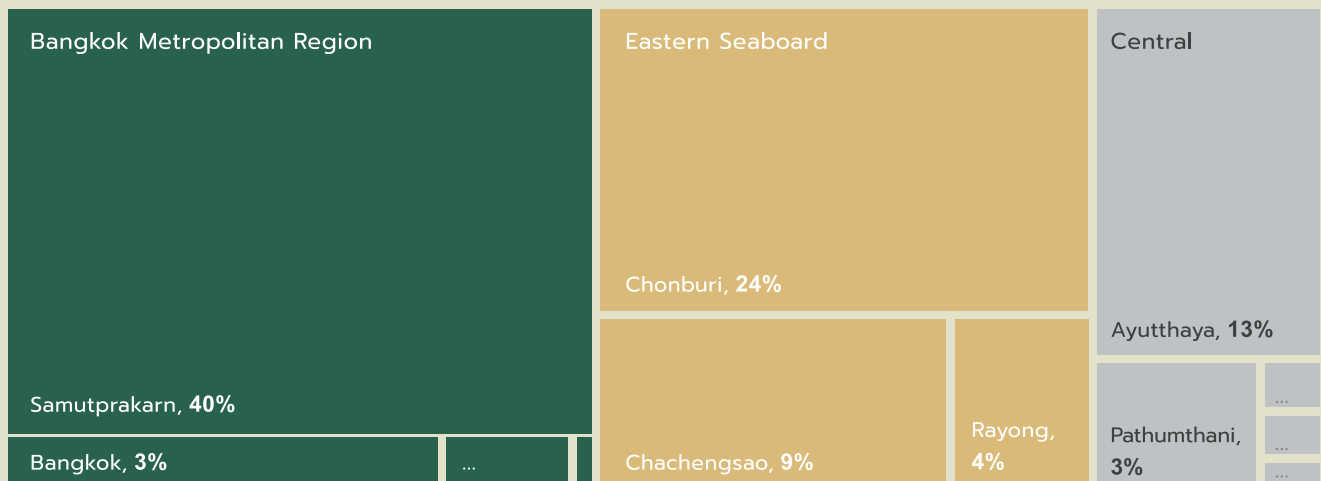
The distribution of ready-built warehouses in Thailand is primarily divided among three key regions. The largest sub-market is the Bangkok Metropolitan Region, holding a 45% share of the total market. In this area, Samutprakarn commands the largest portion at 40%, while Bangkok contributes 3%. The Eastern Seaboard serves as the second-largest sub-market, comprising 38% of the overall warehouse supply. Chonburi takes the lead with a 24% share, followed by Chachoengsao at 9%. In the central region, Ayutthaya, functioning as a significant hub for domestic logistics, represents 13% of the

entire speculative warehouse space in the country, followed by Pathumthani at 3%.

In H1 2023, there was a consistent rise in supply across major sub-markets. The net leasable area in the Bangkok Metropolitan Region, experienced a 2.8% H-o-H increase, reaching 2.5 million sq m. The Eastern Seaboard followed closely with the most rapid expansion this half-year at 5.5%, reaching almost 2.1 million sq m. Lastly, the Central and other region saw a moderate supply growth of 3.0% H-o-H, totaling 944,700 sq m.

TOTAL SUPPLY BY AREA

■ Bangkok Metropolitan Region
 ■ Eastern Seaboard
 ■ Central



SOURCE: KNIGHT FRANK THAILAND

NET LETTABLE AREA AND NET SUPPLY CHANGE BY REGION

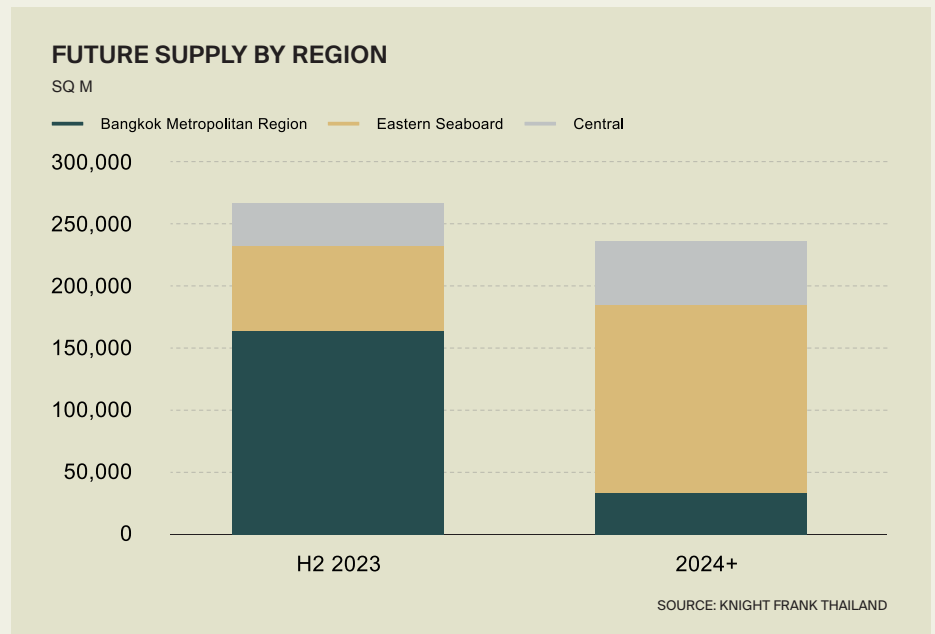
SQ M - NEAREST HUNDRED

Region	Net Lettable Area as of H1 2023	%Change	
		(H-o-H)	(Y-o-Y)
Total	5,569,500	▲ 3.8%	▲ 9.3%
Bangkok Metropolitan Region	2,509,100	▲ 2.8%	▲ 5.9%
Eastern Seaboard	2,091,900	▲ 5.5%	▲ 12.0%
Central	944,700	▲ 3.0%	▲ 13.3%

SOURCE: KNIGHT FRANK THAILAND

Future Supply

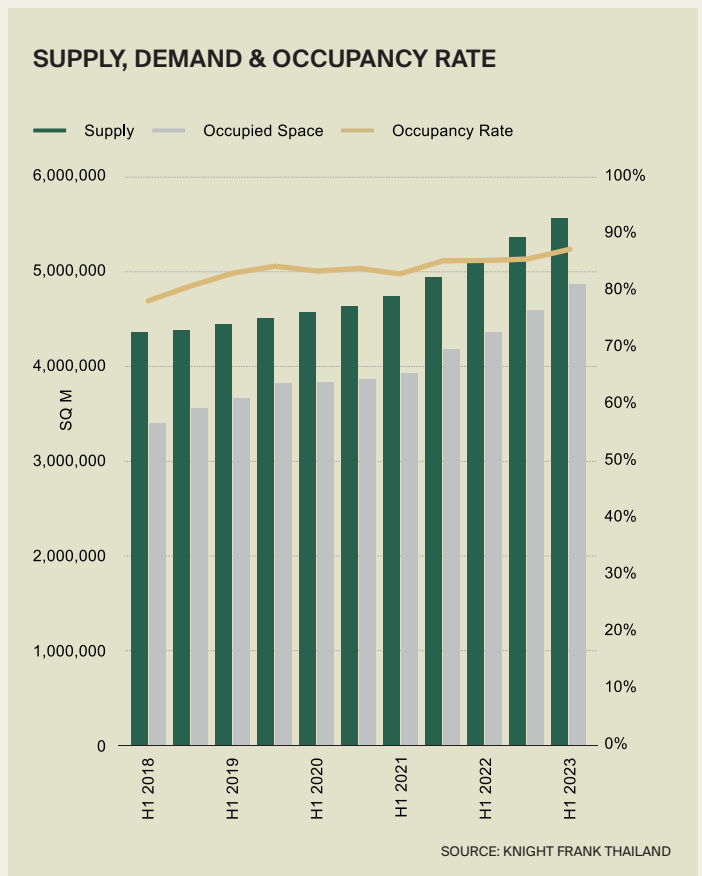
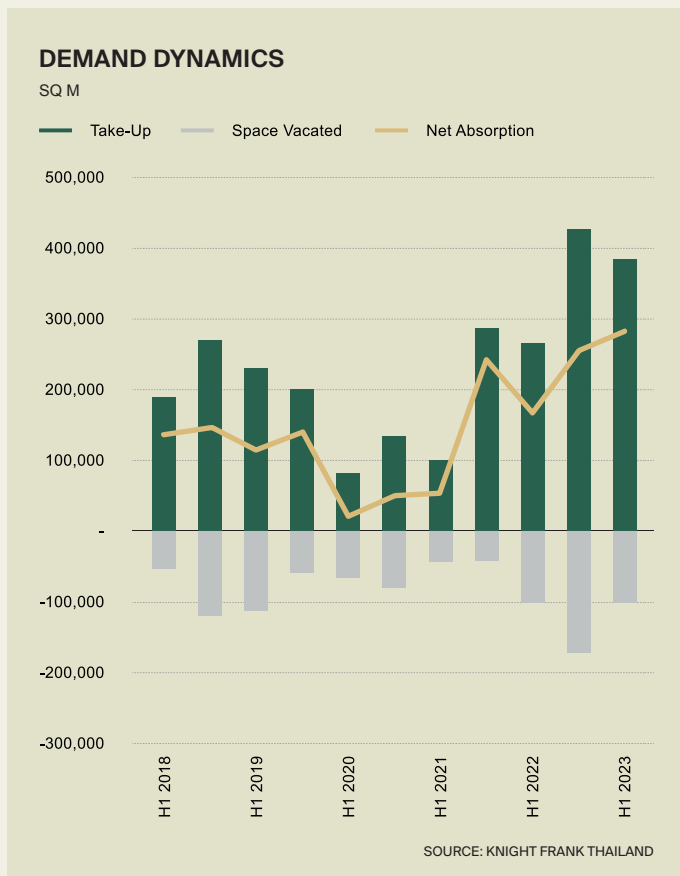
The total size of the future lettable area amounted to 505,300 sq m, comprising 267,600 sq m in H2 2023 and 237,700 sq m from 2024 onwards. This forthcoming space constituted 9% of the current supply. Around 44% of the supply in the pipeline is located in the Eastern Seaboard, followed by the Bangkok Metropolitan Region, with a share of 39%. This trend highlights the slight shift towards the Eastern Seaboard, due to its lower land costs, coupled with comparable rental rates.



Demand

In the first half of 2023, the logistics property sector witnessed ongoing expansion, marked by a positive net absorption of 282,000 sq m, which translates to an 11.7% increase H-o-H compared to the preceding half-year. As a result, the total occupied space increased by 6.1% H-o-H, reaching 4.88 million sq m. Prominent sectors, including third-party logistics (3PL), Fast-Moving Consumer Goods (FMCG), and electronics, have maintained their position as key

occupants, necessitating substantial warehouse space, consistent with previous years. Notably, this year has witnessed a remarkable surge in demand from the EV and Solar industries, fueled by the global push towards sustainability and net-zero goals. In terms of investor origin, Japanese stakeholders maintain the biggest share in Thailand's warehouse market. However, a dynamic shift is evident as Chinese tenants assert their presence and secure an increasing market share.



In the Bangkok Metropolitan Region (BMR), a subtle yet noticeable change took place, with occupancy levels inching up by a modest 0.6% pts H-o-H. This region, well-known for its significant presence in the e-commerce sector that had already demonstrated rapid growth in preceding periods, experienced a slower expansion in 2023. However, it continues to uphold its position with the highest occupancy rate at 91.4%.

Transitioning to the Eastern Seaboard, a resurgence was evident as it experienced a 2.3% pts growth H-o-H, reaching an occupancy rate of 83.6%. This recovery effectively reversed the decline observed in the previous half-year, primarily fueled by a substantial introduction of new supply into the market. Notably, a quick lease-out and a short void period after completion emphasised the strong demand in the Eastern Seaboard.

Among the three main regions, the Central area emerged as a standout performer, propelled by resilient domestic consumption patterns and a relatively low influx of new speculative warehouse space. This region underwent significant expansion, posting the most impressive growth in its occupancy rate by 4.8 pts H-o-H to 86.3%.

OCCUPANCY RATE BY REGION

Region	H1 2023	% Point Change	
		(H-o-H)	(Y-o-Y)
Total	87.6%	▲ 1.9% pts	▲ 2.4% pts
Bangkok Metropolitan Region	91.4%	▲ 0.6% pts	▲ 3.4% pts
Eastern Seaboard	83.6%	▲ 2.3% pts	▲ 0.4% pts
Central	86.3%	▲ 4.8% pts	▲ 3.3% pts

SOURCE: KNIGHT FRANK THAILAND

OCCUPIED SPACE AND NET ABSORPTION BY REGION

SQ M - NEAREST HUNDRED

Region	Occupied Space as of H1 2023	Net Absorption	
		H1 2023	Last 12 months
Total	4,880,100	282,000	535,400
Bangkok Metropolitan Region	2,292,800	76,300	207,500
Eastern Seaboard	1,747,900	135,200	194,300
Central	815,600	67,700	122,700

SOURCE: KNIGHT FRANK THAILAND

Rental Rates

The average asking rent for ready-built warehouses in Thailand held steady at 159 THB per sq m per month in H1 2023. We observed a small number of existing properties lowering their rents to fill up vacant units, while the average rent for new supply stands at around THB 180.

Across different regions, the average rental rates remained steady, with the Bangkok Metropolitan Region (BMR) holding at THB 160, the Eastern Seaboard (EEC) at THB 162, the Central region at THB 147, and other areas of Thailand at THB 107. Notably, the Eastern Seaboard (EEC) was the only region where the minimum asking rent increased, rising from THB 100 to THB

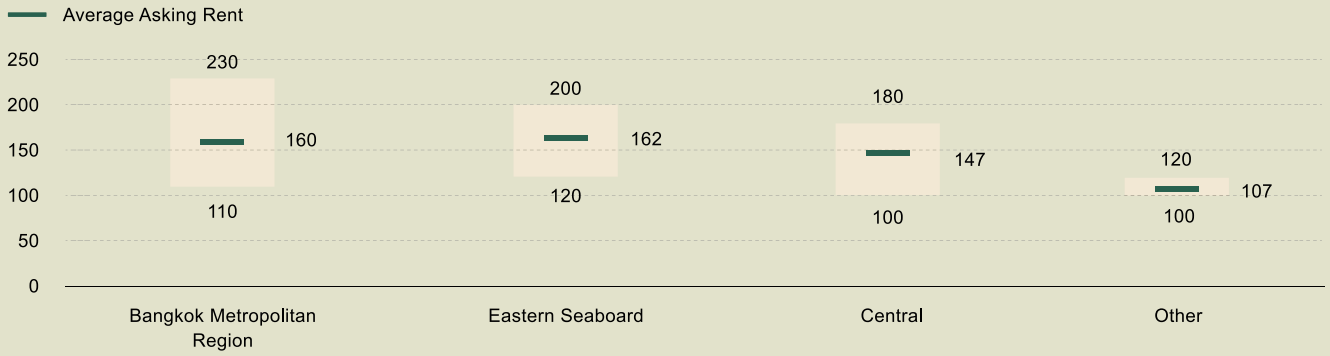
120. In the meantime, the maximum asking rents remained steady across all regions, except for the BMR, where the upper limit went up from THB 200 to THB 230.

Given the context of limited growth in warehouse rents in Thailand, we conducted an assessment to compare Thailand's warehouse rents with those in different countries across the Asia Pacific (APAC) region. Among the group of Australia, Malaysia, China, and India, Thailand's actual rent secures the fourth position. Only India offers a more affordable rate at THB 97 per sqm per month. However, when factoring in Purchasing Power Parity (PPP) data from the World Bank to account

for price differences in various locations, Thailand rises to become the second most expensive warehouse space, closely trailing China, which charges THB 164 per sqm per month. This observation could help explain the reasons behind the slow growth environment within Thailand's warehouse market, as it is observed that rental rates in Thailand are already relatively high in comparison to those in other regional countries.

READY - BUILT WAREHOUSE ASKING RENT SPREADS

BAHT PER SQ M PER MONTH

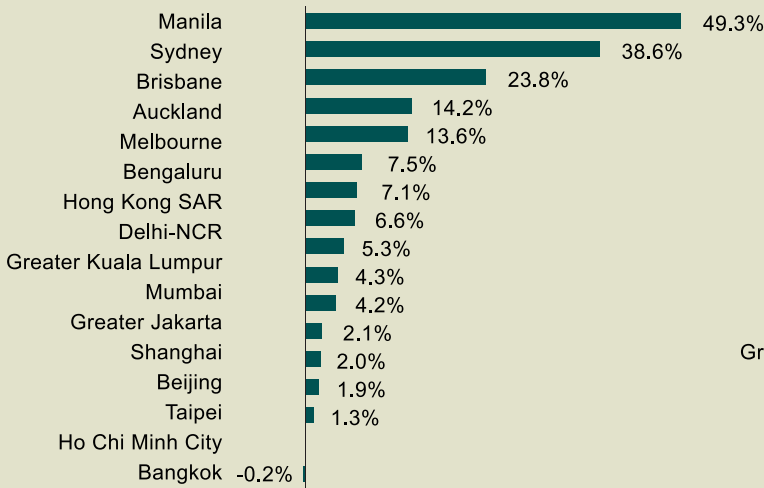


*INDIA TRACKS BY FINANCIAL YEAR (APRIL-MARCH PERIOD) AND IS THUS EXCLUDED FROM THIS CHART

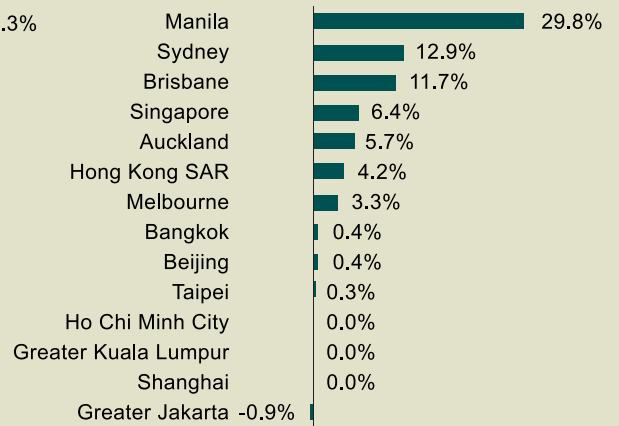
SOURCE: KNIGHT FRANK THAILAND

APAC LOGISTICS RENTAL GROWTH

Rental Growth Year-on-Year



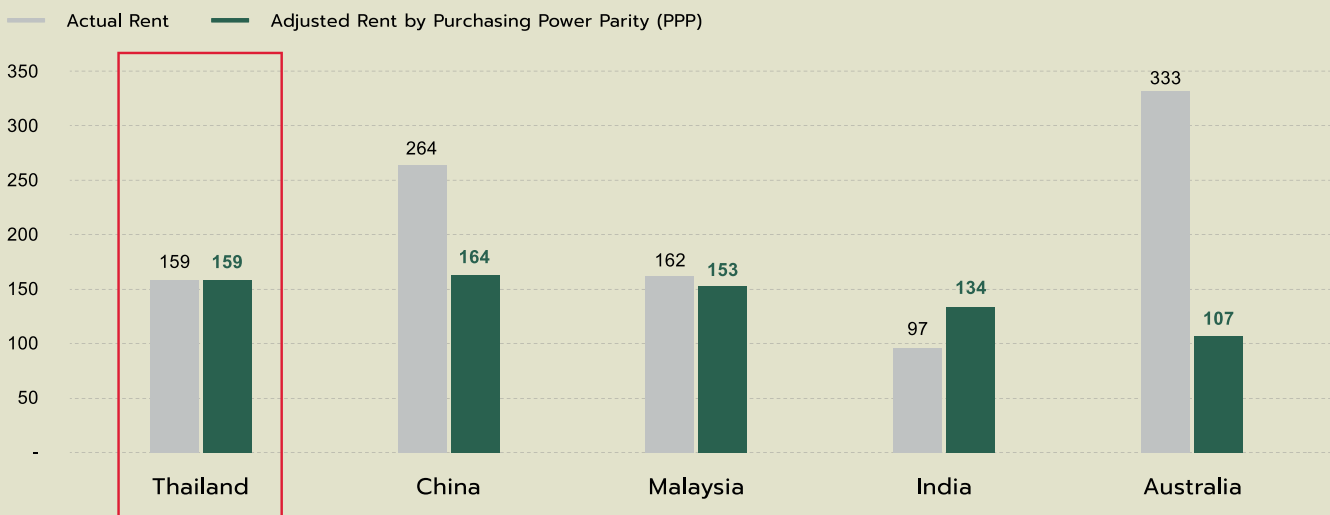
Rental Growth Half-Year



SOURCE: KNIGHT FRANK ASIA PACIFIC

COMPARISON OF READY-BUILT WAREHOUSE RENTS ACROSS APAC

BAHT PER SQ M PER MONTH



SOURCE: KNIGHT FRANK THAILAND / KNIGHT FRANK ASIA PACIFIC / THE WORLD BANK

Review & Outlook

The logistics property market maintained its upward trajectory in the first half of 2023. Net absorption data revealed a remarkable surge in demand for warehouse space, reaching the highest levels seen in the past seven years, with an increase of 282,000 square metres or 12%, compared to the latter half of 2022. The driving force behind this demand was the 3PL sector, which has consistently played a pivotal role since the e-commerce boom. Additionally, noteworthy growth was observed in the EV and solar industries, propelled by manufacturing expansions and relocations, primarily originating from China. These factors collectively contributed to the heightened demand for ready-built warehouses in Thailand. As the increase in demand outpaced new supply, the overall

occupancy rates improved to nearly 88%, while market rents remained stable.

In the landscape of modern logistics, innovative technologies are reshaping conventional practises. There is a clear trend towards the adoption of warehouse automation solutions, with automated guided vehicles, often referred to as AGVs, being one of the most widely adopted technologies. AGVs operate by autonomously navigating through warehouses using advanced sensors and control systems, effectively streamlining material movement and tasks such as picking, storing, and transporting goods. These portable robots are commonly used in modern warehouses, particularly in e-commerce operations and businesses dealing with high volumes of transactions

or products with numerous business units (BUs).

While AGV technology is not new and has found extensive adoption in major global logistics markets, its implementation in Thailand remains concentrated among large enterprises with economies of scale. However, similar to other technological advancements, the increasing affordability of AGVs is likely to drive broader adoption by businesses. This transition holds the potential to empower these enterprises, enabling them to achieve enhanced overall operational efficiency, reduce human errors from manual intervention, and gain a competitive advantage in an ever-evolving market.

Glossary

- **Serviced Industrial Land Plots** Land made available for sale/lease in industrial estates, zones and industrial parks
- **Bangkok Metropolitan Region (BMR)** Includes Bangkok, Samut Prakan, Samut Sakhon

- **Eastern Economic Corridor (EEC)** Includes Chachoengsao, Chonburi, Rayong
- **Central** Includes Ayutthaya, Pathum Thani, Saraburi
- **West** Includes Ratchaburi, Petchaburi, Prachuap

- Khiri Khan
- **South** Includes Songkhla, Pattani
 - **Northeast** Includes Nong Khai, Nakhon Ratchasima
 - **North** Includes Lamphun, Pichit

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



Phanom Kanjanathiemthao
Chairman
+66 (0) 2 643 8223 Ext 124
phanom.kanjanathiemthao@th.knightfrank.com



Nattha Kahapana
Managing Director
+66 (0)2643 8223 Ext 300
nattha.kahapana@th.knightfrank.com



Marcus Burtenshaw
Executive Director,
Head of Occupier Strategy & Solutions
+66 (0) 2 643 8223 Ext 104
marcus.burtenshaw@th.knightfrank.com



% Change H-o-H	177,324 SUPPLY (rai)	4,422 LAND SOLD (rai)	81.5% CUMULATIVE SALES RATE	5.9M AVERAGE ASKING PRICE (THB/rai)
	▲ 1.8%	▲ 12.1%	▲ 0.4% pts.	▲ 2.8%

Economic Overview

The Thai economy registered a 2.7% expansion in Q1 2023 attributed to the domestic sector and tourism, although it still trailed ASEAN peers in terms of the pace of recovery, as reported by the World Bank Thailand.

In the first quarter of 2023, Thailand witnessed an 8.5% increase in exports of goods and services, surpassing the 3.5% growth in imports. This led to a surplus in the current account, reaching its highest level in over two years at 3% of the GDP. Private consumption remained solid, growing by 5.4%, driven by a robust labour market and a strong inflow of international visitors. Fixed capital investment also saw growth of 3.1%, primarily driven by investments in construction, machinery, and an upswing in Foreign Direct Investment (FDI). Still,

government consumption contracted by 6.2% due to the sharp reduction in COVID-related expenditure. While the overall Thai economy displayed a gradual recovery, it lagged other major ASEAN economies like Vietnam, Malaysia, and Indonesia due to its higher reliance on the external sector, particularly trade and tourism.

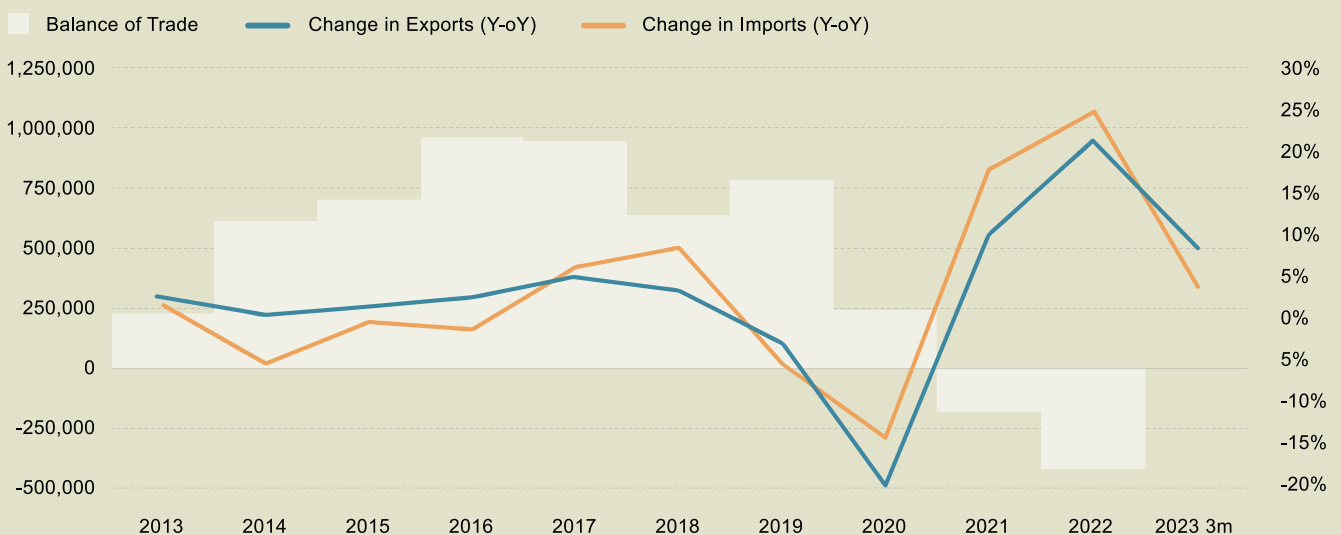
Based on data reported by the Ministry of Commerce (MOC), headline inflation increased by 0.2% in June 2023, with a year-to-date average of 2.49%. This marked the sixth consecutive month of decelerating inflation, primarily driven by the slow

growth in food prices, significant declines in energy prices, and a high base from the previous year. Core inflation exhibited a similar pattern, reaching 1.3% but remaining above the pre-pandemic average of below 1%. As inflationary pressure persisted, the central bank maintained a gradual monetary policy normalisation approach to address inflation while also supporting economic recovery.

In May 2023, Thailand's manufacturing productivity index (MPI) remained steady at 94%, reflecting no significant change compared to the end of 2022. This

THAILAND GOODS & SERVICES BALANCE

THAI BAHT (MILLIONS)



SOURCE: NESDC

comes at a time when global economic growth is projected to decelerate in 2023, primarily due to factors such as monetary tightening and the historical level of global debt, which stands at 270% of the global GDP. Within Thailand's manufacturing sector, the MPI was influenced by lower production levels in specific sectors such as hard disc drives (HDD) and chemical products. Nevertheless, positive signs of growth were observed in automotive

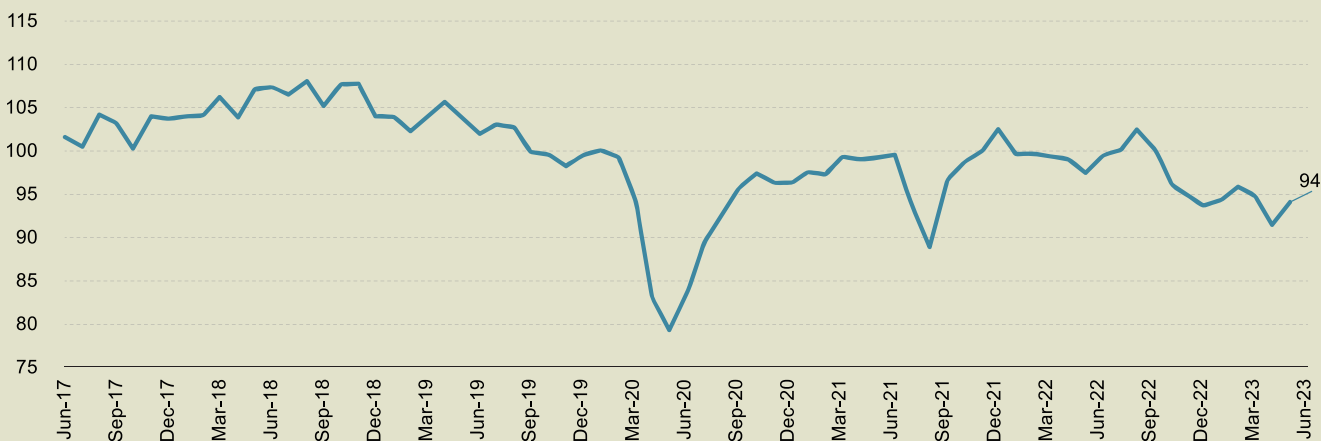
manufacturing and petroleum products during the same period.

According to the BOI report, there was a significant increase in the number of total investment promotion approvals in Q1 2023, both in terms of the number of projects and the investment value. The total number of approved projects reached 613, increasing from 327 during the same period last year, and the investment value experienced a substantial rise of 171%,

reaching 241 billion Baht. The electronics and electrical equipment sector, particularly solar cells and smart electronics, made the largest contribution to this increase, with a remarkable growth rate of 264% and an investment value of 75 billion Baht in Q1 2023. Additionally, certain sectors including automotive and data centres have also witnessed a substantial rise in investment value.

THAILAND MANUFACTURING PRODUCTIVITY INDEX

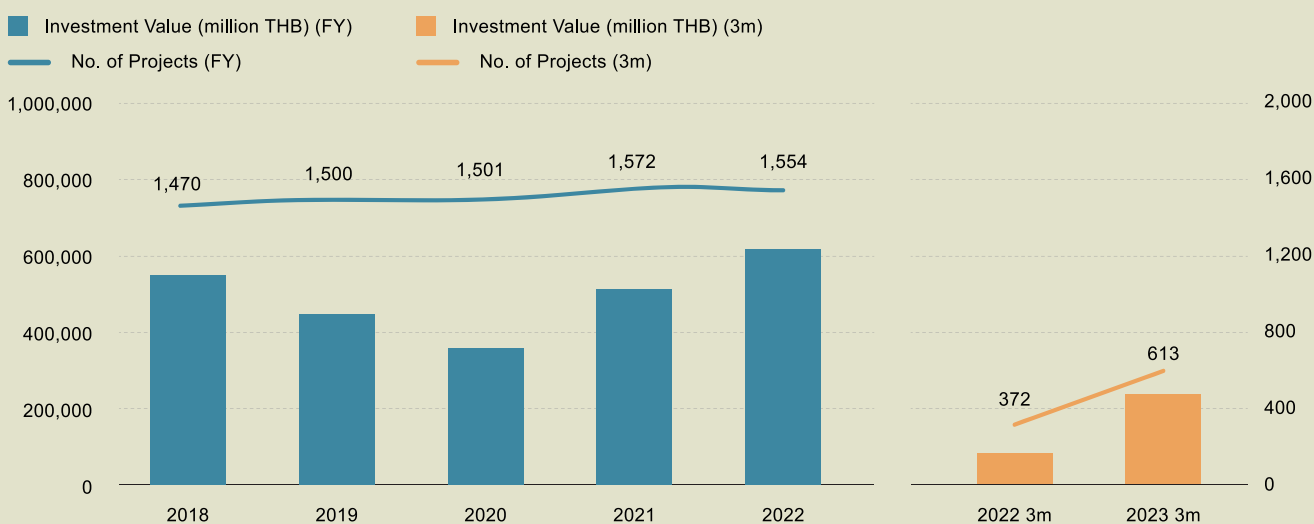
(MPI – SEASONALLY ADJUSTED)



SOURCE: OFFICE OF INDUSTRIAL ECONOMICS

THAILAND'S FOREIGN DIRECT INVESTMENT (3M) APPROVED BY THE BOI

THAI BAHT (MILLIONS)



BOI APPROVAL

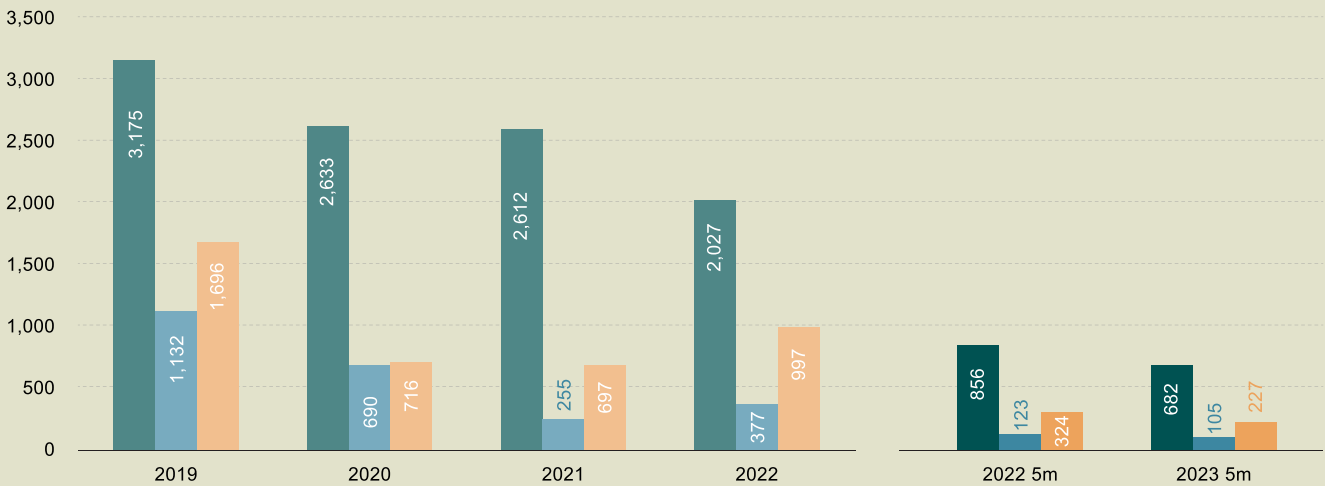
	No. of Projects	Investment Value (million THB)
2022	1,554	618,620
2022 3m	327	88,719
2023 3m	613	240,801
Change	+87%	+171%

SOURCE: THAILAND BOARD OF INVESTMENT

THAILAND FACTORY OPERATIONS

NUMBER OF FACTORIES

■ New Operations ■ Expansion ■ Ceasd Operations



THAILAND FACTORY OPERATIONS

	New Operations	Expansion	Ceasd Operations
2022	2,027	377	997
2022 5m	856	123	324
2023 5m	682	105	227
Change	-20%	-15%	-30%

SOURCE: DEPARTMENT OF INDUSTRIAL WORKS

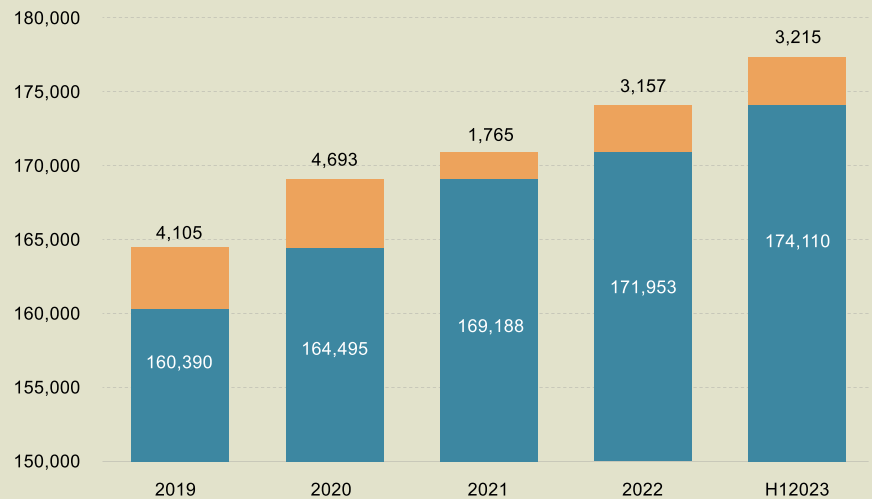
Serviced Industrial Land Plots Supply

In H1 2023, the Industrial Estate Authority of Thailand (IEAT) approved two new projects, namely the Apex Green Industrial Estate and Nonglajok Industrial Estate. As a result, the total amount of serviced industrial land made available for sale or lease in industrial estates, zones, and parks, increased by 1.8%, or 3,215 rai, to a total of 177,324 rai.

THAILAND SERVICED INDUSTRIAL LAND PLOTS AVAILABLE FOR SALE/LEASE

RAI

■ Existing Supply ■ New Supply



SOURCE: KNIGHT FRANK (THAILAND) - OCCUPIER STRATEGY & SOLUTIONS

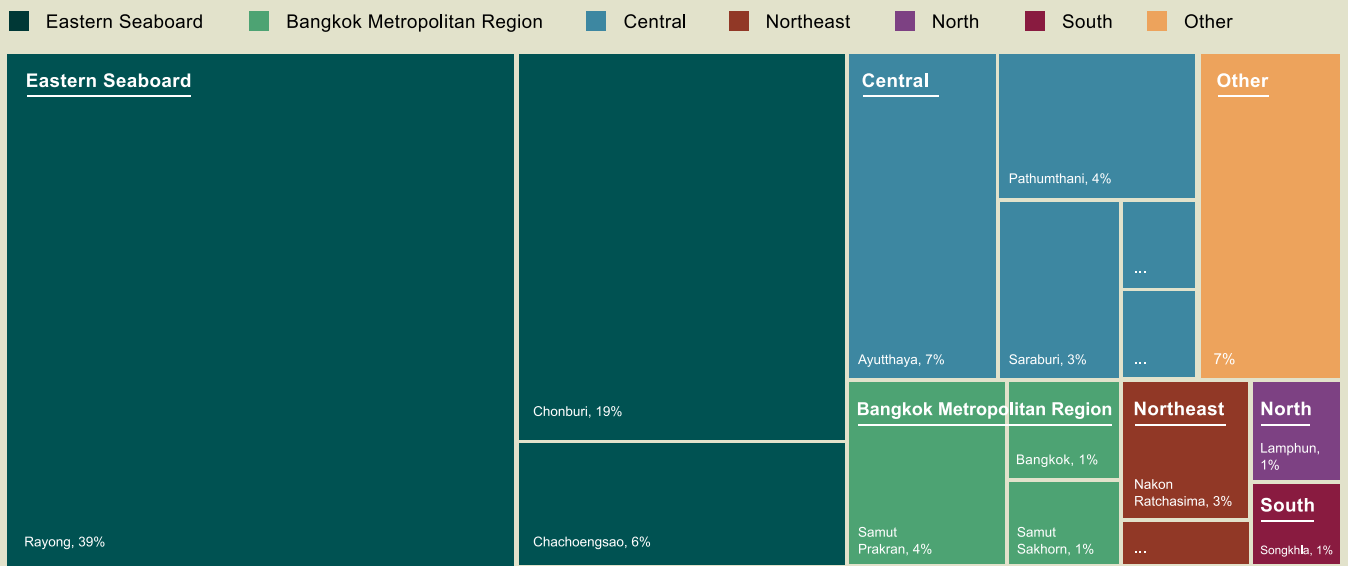
Supply Distribution

Services Industrial Land in Thailand is primarily concentrated in the EEC, which accounts for 64% of the market share. Among the provinces in this region, Rayong holds the largest share at 39%, followed by Chonburi at 19% and Chachoengsao at 6%. The Central Region is the second-largest sub-market, comprising 16% of the total supply. Within this region, notable locations include Ayutthaya at 7%, Pathumthani at 4%, and Saraburi at 3%. In other regions,

Samut Prakarn and Nakhon Ratchasima serve as primary destinations, representing 4% and 3% of the total serviced industrial land, respectively.

During the first half of 2023, the EEC was the only area that experienced an increase in total supply, expanding by 2.9% compared to the previous half, reaching a total of 113,269 rai.

THAILAND SERVICED INDUSTRIAL LAND PLOTS DISTRIBUTION BY REGION



SOURCE: KNIGHT FRANK (THAILAND) – OCCUPIER STRATEGY & SOLUTIONS

THAILAND SERVICED INDUSTRIAL LAND PLOTS DISTRIBUTION BY REGION

RAI

Region	Saleable / Lettable Area	% Change (H-o-H)
Total	177,324	▲ 1.8%
Bangkok Metropolitan Region	12,077	0.0%
EEC	113,269	▲ 2.9%
Central	26,209	0.0%
North	3,204	0.0%
Northeast	6,630	0.0%
South	2,127	0.0%
West	942	0.0%
Other	12,867	0.0%

SOURCE: OFFICE OF INDUSTRIAL ECONOMICS

Demand

Based on the IEAT report, the demand for serviced industrial land in H1 2023 displayed a positive trend. The total area sold or leased during this period amounted to 4,422 rai, representing a notable 12% increase compared to H2 2022. The surge in demand was primarily driven by key industries such as automotive and transport, steel and metal products, rubber, plastic, and artificial leather.

In terms of geographical distribution, the Eastern Economic Corridor (EEC) maintained its status as the most active

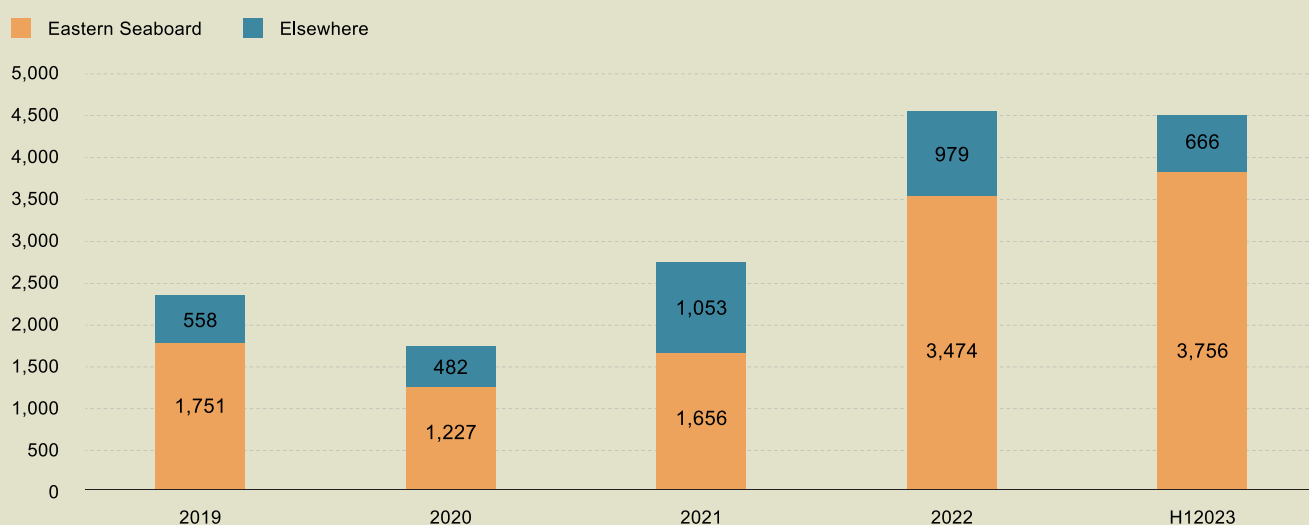
sub-market, with 3,756 rai transacted, or 85% of the total transactions. A noteworthy transaction within the EEC involves BYD, a prominent EV manufacturer from China, which acquired a significant land area of 600 rai in the WHA Rayong 36 Industrial Estate. Outside the EEC, 666 rai were sold or leased, with substantial demand observed in Samut Prakarn and Prachinburi.

The overall market cumulative sales rate showed a positive increase of 0.4%, reaching 81.5%. It is worth noting that no region experienced a decline in sales rate. Among

the main regions, the Bangkok metropolitan region demonstrated a robust expansion with a 2.0% H-o-H increase. The cumulative sales rate for the Eastern Economic Corridor (EEC) and the Central region remained steady at 80.0% and 91.6%, respectively.

THAILAND SERVICED INDUSTRIAL LAND PLOTS SOLD/LEASED IN EEC AND ELSEWHERE

RAI



SOURCE: IEAT / KNIGHT FRANK (THAILAND) – OCCUPIER STRATEGY & SOLUTIONS

THAILAND SERVICED INDUSTRIAL LAND PLOTS CUMULATIVE SALES RATES BY REGION

Region	H1 2023	% pt. Change H-o-H
Overall	81.5%	▲ 0.4%
Bangkok Metropolitan Region	88.7%	▲ 2.0%
EEC	80.0%	▲ 0.1%
Central	91.6%	0.0%
North	89.7%	▲ 2.5%
Northeast	63.1%	▲ 0.1%
South	69.6%	0.0%
West	79.9%	▲ 2.7%
Other	77.4%	▲ 2.3%

SOURCE: OFFICE OF INDUSTRIAL ECONOMICS

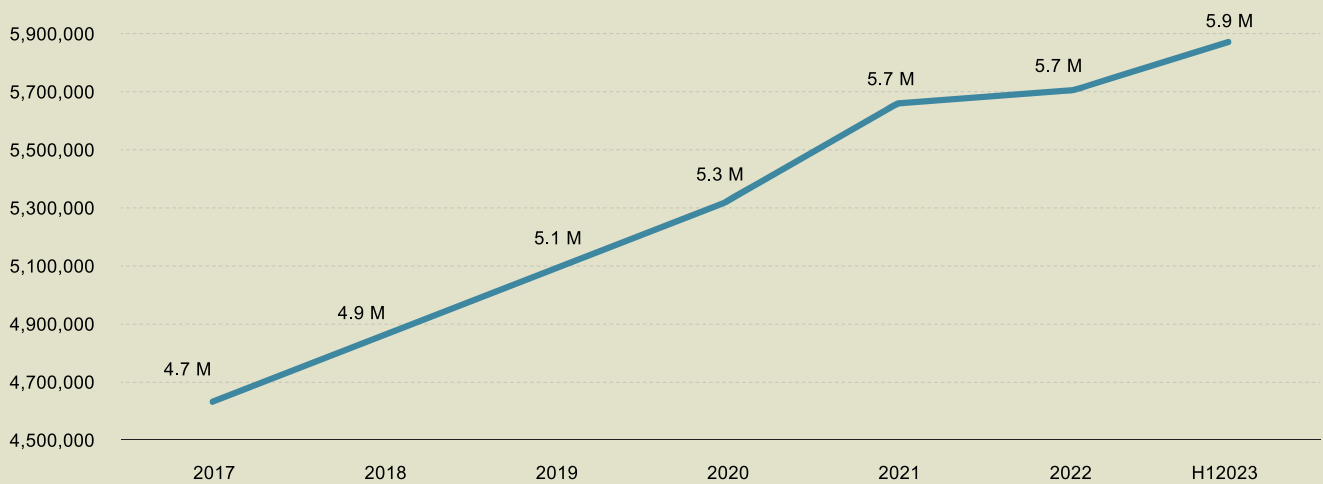
Asking Prices

In the first half of 2023, the market rate experienced a notable increase of 3.1%, reaching 5.9 million baht per rai. This year's price increase marks a return to a growth trend following a slower rate of growth observed in the previous year. Among the three major manufacturing regions, the Bangkok Metropolitan Region (BMR) witnessed the highest price surge, with an 8.6% rise. The Eastern Economic Corridor (EEC) and the Central Region also saw price increases of 2.5% and 2.4%, respectively.

In the EEC, the asking price range remains the widest among all the sub-markets, ranging from 2.5 to 12.5 million baht per rai, reflecting the diverse set of geographical and logistical factors in the region. Meanwhile, the highest price recorded was in the Gemopolis Industrial Estate in Samut Prakan, at 16.0 million baht per rai.

THAILAND SERVICED INDUSTRIAL LAND PLOTS AVERAGE ASKING PRICE

BAHT PER RAI



SOURCE: KNIGHT FRANK (THAILAND) – OCCUPIER STRATEGY & SOLUTIONS

THAILAND SERVICED INDUSTRIAL LAND PLOTS WITH AVERAGE ASKING PRICE BY REGION

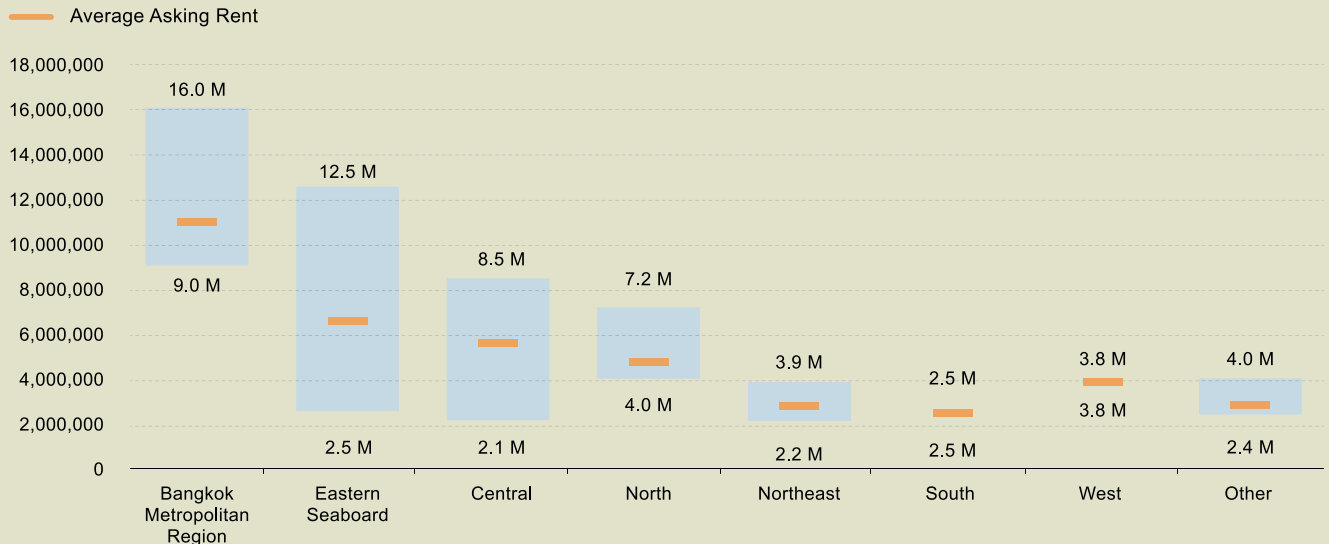
BAHT PER RAI (MILLION)

Region	H1 2023	% Change H-o-H
Overall	5.9	▲ 2.8%
Bangkok Metropolitan Region	10.9	▲ 8.6%
EEC	6.5	▲ 2.5%
Central	4.7	▲ 2.4%
North	4.7	0.0%
Northeast	2.8	▲ 6.7%
South	2.5	0.0%
West	3.8	▲ 8.6%
Other	2.9	▲ 1.9%

SOURCE: KNIGHT FRANK (THAILAND) – OCCUPIER STRATEGY & SOLUTIONS

THAILAND SERVICED INDUSTRIAL LAND PLOTS AVERAGE ASKING PRICE SPREAD

BAHT PER RAI



SOURCE: KNIGHT FRANK (THAILAND) – OCCUPIER STRATEGY & SOLUTIONS

Review & Outlook

During the first half of 2023, Thailand's Manufacturing Sector experienced significant growth in Serviced Industrial Land Sales, driven by a surge in demand across various industries. The expansion of sectors such as advanced electronics and electric vehicles (EVs) played a pivotal role in fueling the need for industrial land, in anticipation of future demand. Notably, the statistics from the Board of Investment (BOI) indicate a remarkable seven-fold increase in the applications for BOI incentives in the electronics sector, particularly in smart electronics and appliances, during the first five months of 2023. In addition, we observed the presence of several EV companies that have chosen Thailand as their manufacturing bases, including prominent names such as MG, BYD, GWM, Foxconn, GAC AION, and the latest addition, Hozon's Neta. These notable investments highlight Thailand's increasing significance in the EV industry and reinforce its attractiveness as a prime location for EV manufacturing.

The widespread adoption of the China plus one strategy, stemming from the ongoing trade conflict between the United States and China and tensions between China and Taiwan, has created a favourable opportunity for neighbouring countries to attract international businesses seeking alternative manufacturing facilities. Thailand is well-positioned to benefit from this regional dynamic thanks to its well-established manufacturing sector and robust infrastructure. Prime examples of companies diversifying manufacturing bases in the country include Sony, which has shifted almost all of its digital camera production bases from China to Thailand. Another instance can be seen with Panasonic, which has consolidated and relocated production lines for their high-tech smart electronics such as Programmable Logic Controllers (PLCs) (a specialised computer used in industrial automation systems to control and monitor machinery and processes), automatic switches, and infotainment products from

the Chinese mainland.

Towards the remainder of 2023, the Bank of Thailand predicts a decline in inflation rates alongside gradual economic growth for the Thai economy, attributable to sluggish global demand. It is also crucial to closely monitor the evolving political landscape, including the establishment of a new government and the upward trajectory of wages. Within the industrial sector, there is a growing emphasis on green energy, fueled by foreign investors aiming to enhance industrial sustainability. Though the adoption of green energy is still in its early stages, some progress has been observed. A notable example of this is the integration of solar cells with microgrid systems in certain industrial estates, enabling localised clean power generation and storage, thereby reducing reliance on the primary power grid. These measures, along with similar initiatives, are expected to advance and gain more prominence within Thailand's industrial sector in the near future.

Glossary

- ***Serviced Industrial Land Plots***
Land made available for sale/lease in industrial estates, zones and industrial parks
- ***Bangkok Metropolitan Region (BMR)***
Includes Bangkok, Samut Prakan, Samut Sakhon
- ***Eastern Economic Corridor (EEC)***
Includes Chachoengsao, Chonburi, Rayong
- ***Central***
Includes Ayutthaya, Pathum Thani, Saraburi
- ***West***
Includes Ratchaburi, Petchaburi, Prachuap Khiri Khan
- ***South***
Includes Songkhla, Pattani
- ***Northeast***
Includes Nong Khai, Nakhon Ratchasima
- ***North***
Includes Lamphun, Pichit

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



Phanom Kanjanathiemthao
Chairman
+66 (0) 2 643 8223 Ext 124
phanom.kanjanathiemthao@th.knightfrank.com



Nattha Kahapana
Managing Director
+66 (0)2643 8223 Ext 300
nattha.kahapana@th.knightfrank.com



Marcus Burtenshaw
Executive Director,
Head of Occupier Strategy & Solutions
+66 (0) 2 643 8223 Ext 104
marcus.burtenshaw@th.knightfrank.com



