

A photograph of a long, modern warehouse building with a corrugated metal roof and a series of red roll-up doors. The sky is blue with scattered white clouds. The text "Q1 2013 THAI LOGISTICS PROPERTY BRIEF" is overlaid on the image in a white, serif font.

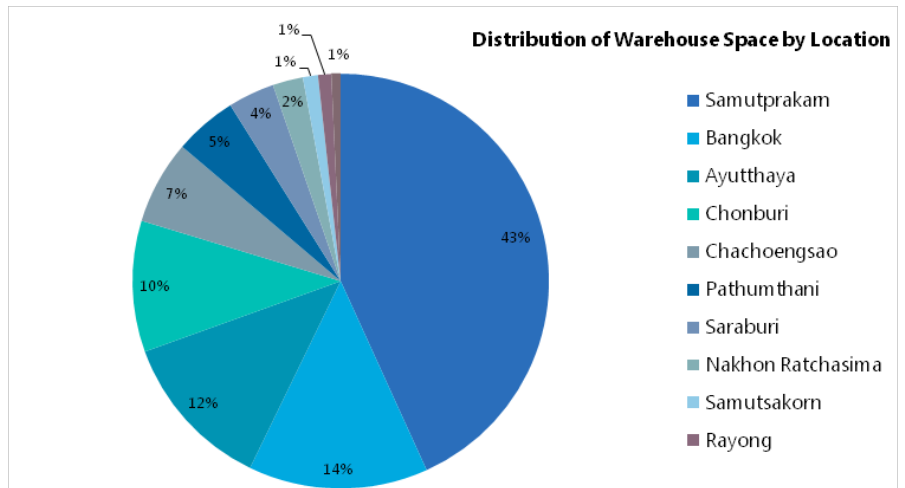
Q1 2013
THAI LOGISTICS
PROPERTY BRIEF

HIGHLIGHTS

- In Q1 2013, the total supply of warehouse space available for rent stood at 3,111,372 sqm, demonstrating an increase of 3.60% from the last quarter, or 23.72% Y-o-Y, as an additional 108,188 sqm of new supply entered the market.
- Average occupancy rates dropped by 2.6 % from Q4 to 90.01% in Q1 2013, due to new development completions.

MARKET
 OVERVIEW

Figure 1
Distribution of Warehouse Space by Location

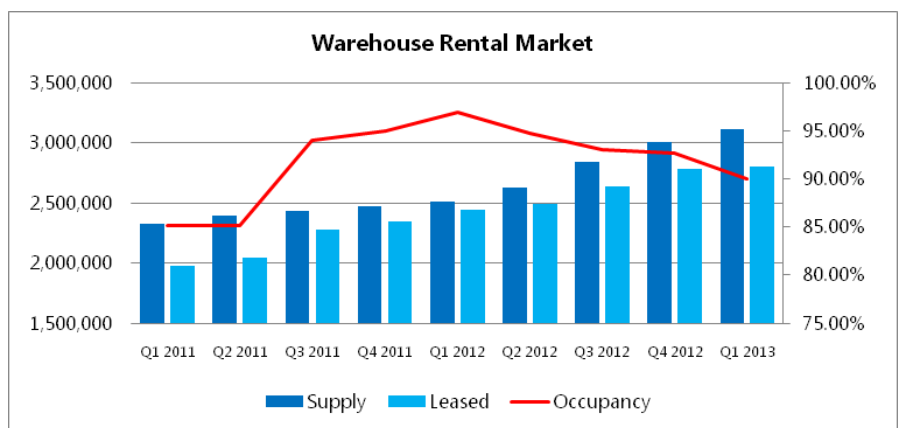


Source: Knight Frank Thailand Research

43% of all warehouses for rent are located in Samut Prakarn province which enjoys close proximity to Bangkok, several major industrial estates and excellent transport connections. However, as developers plan new warehouse projects along the Eastern Seaboard and increasingly in the North East to cater to the population’s growing purchasing power, the distribution across the provinces is expected to change.

Although the quantity of leased warehouse space increased again in the first quarter of 2013, occupancy rates have fallen steadily over the past year due to the expansion of existing projects and new projects by both new and old players.

Figure 2
Warehouse Rental Market



Source: Knight Frank Thailand Research

DEMAND

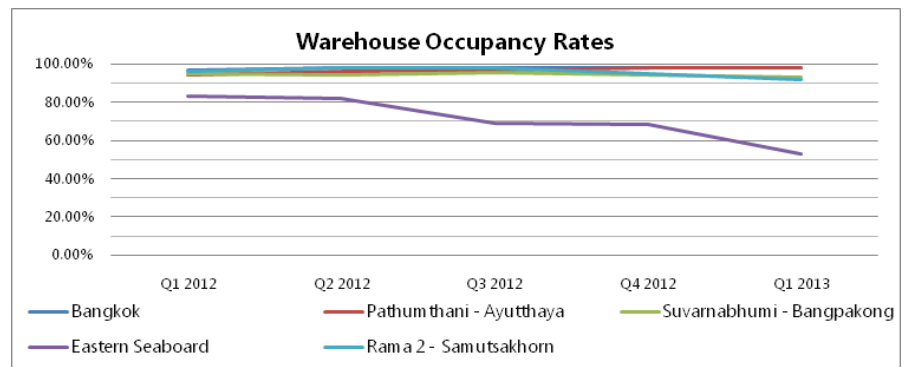
Average occupancy rates in the warehouse rental market dropped from the last quarter by 2.6% to 90.01%.

Table 1

Occupancy Rate					
	Bangkok	Pathumthani - Ayutthaya	Suvarnabhumi - Bangkok	Eastern Seaboard	Rama 2 - Samut Sakhorn
Q1 2012	96.72%	94.43%	95.14%	83.03%	96.52%
Q4 2012	98.07%	97.91%	94.43%	68.19%	95.12%
Q1 2013	98.38%	98.30%	93.21%	53.08%	92.16%
Q-o-Q	0.31%	0.39%	-1.22%	-15.10%	-2.96%
Y-o-Y	1.66%	3.87%	-1.93%	-29.95%	-4.36%

Source: Knight Frank Thailand Research

Figure 3
Warehouse Occupancy Rates



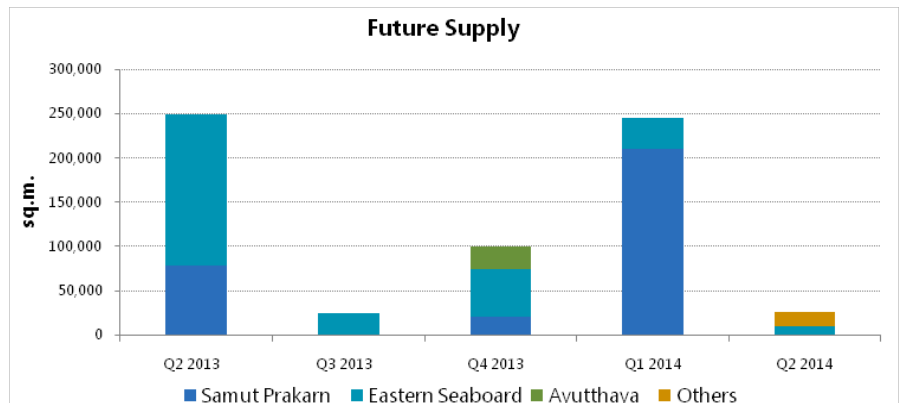
The amount of space leased on the Eastern Seaboard in Q1 2013 rose by 21,000 sqm, yet it despite recording the lowest occupancy rate of 51.04%, a drop of 17.15%, as 101,512 sqm of new supply came on stream.

SUPPLY

The total supply of warehouses for rent in Q1 2013 increased by 3.60% representing an additional 108,188 sqm, or 23.72% y-o-y to 3,111,372 sqm compared to the last quarter.

Over the next 12 months most of the new supply will be entering the market in Samut Prakarn and the Eastern Seaboard.

Figure 4
Future Supply

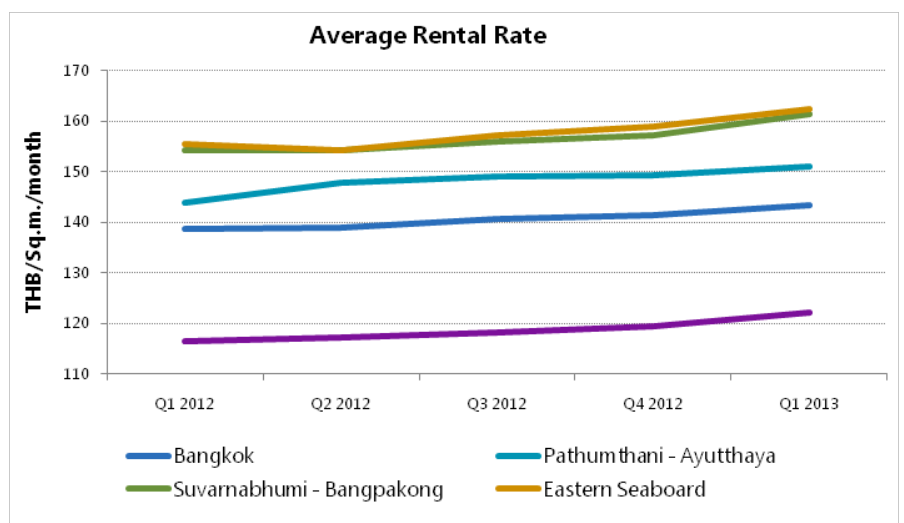


Source: Knight Frank Thailand Research

Given current occupancy rates and leasing activity, we are confident that space entering the Samut Prakarn market will be readily absorbed. However, with just 51% occupancy on the Eastern Seaboard, we expect intense competition for tenants from these new projects.

WAREHOUSE RENTS IN KEY LOGISTICS LOCATIONS

Figure 5
Average Rental Rate



Source: Knight Frank Thailand Research

The average rental rates of warehouse space increased in all markets by 1% – 2.5%, in response to continued growth in demand. Nivat Eno, Senior Manager, Industrial Logistics stated: “Demand for warehouse space has grown due to the number of new factories that have been established, and also because major warehouse occupiers are consolidating operations to save costs and improve efficiencies”.

Table 2

Average Rental Rate as of Q1 2013 (THB/Sq.m./month)					
	Bangkok	Pathumthani - Ayutthaya	Suvarnabhumi - Bangkok	Eastern Seaboard	Rama 2 - Samutsakhorn
Q1 2013	143.35	151.16	161.52	162.34	122.2
Q4 2012	141.48	149.24	157.3	158.94	119.53
%Change	1.32%	1.29%	2.68%	2.14%	2.23%

Source: Knight Frank Thailand Research

OUTLOOK

We expect demand for warehouse space to continue growing with the establishment of more factories here and occupiers seeking to reduce logistics costs and improve efficiency.

Thailand shares borders with Cambodia, Laos, Myanmar, and Malaysia and will benefit from improved transportation links with Vietnam through the East West Corridor and with China via Laos with new rail plans, thus it is geographically well placed to play the role of the ASEAN logistics hub in the forthcoming AEC. Based on past observations and on recent warehouse investment decisions by occupiers, Knight Frank believes this will continue to contribute to demand in years to come.

However, in the face of increased competition, new developments entering the market at this time, should consider a phased development and leasing approach. In addition, there are several new projects scheduled by both existing and new developers to enter the market over the rest of 2013, which is likely to contribute to potential oversupply for some locations.

Developers should therefore give more consideration to location and access, and carefully weigh build specifications against rent.

DEFINITION

Warehouse Rental Market = purpose-built warehouses for rent from all major developers, but not limited to industrial estate locations.

Americas

USA
Bermu da
Brazil
Caribbean
Chile
Australasia

Australia

New Zealand

Europe

UK
Belgium
Czech Republic
France
Germany
Hungary
Ireland
Italy
Monaco
Poland
Portugal
Russia
Spain
The Netherlands
Ukraine

Africa

Botswana
Kenya
Malawi
Nigeria
South Africa
Tanzania
Uganda
Zambia
Zimbabwe

Asia

Cambodia
China
Hong Kong
India
Indonesia
Macau
Malaysia
Singapore
Thailand
Vietnam

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