

Vacant Shophouses in Bangkok: Root Causes and Policy Implications

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Abstract

Since the old-fashioned shophouses cannot act in response to the urban sprawl and changing lifestyles of Bangkok, over time they are gradually converted into partially vacant buildings, or sometimes they may become entirely unoccupied for an indefinite period of time. A noticeable large number of fully or partially vacant shophouses can be found in the city in almost every nook and corner. These vacant shophouses act as the "voids" in the neighborhood, posing a threat to potential housing community development, economic opportunity, environmental health, and public safety within the city. However, these so-called "voids" can offer a great opportunity for the city if they are utilized wisely. The focus of this paper is to examine some of the relative findings obtained during a survey that was carried out in order to find out the root causes of shophouse vacancy in Bangkok. Root causes were identified in a structured manner, considering several contexts, using a very well-known methodology: Fishbone analysis in combination with the 5-Whys analysis technique. The findings conclude that the main root causes of vacancy are a few issues associated with obsolete architectural design, lack of parking facilities, a surplus of housing and shopping choices, and outer migration, closely followed by a lack of regulations for vacant properties and financial support for renovation. These findings have significant policy implications concerning business plans, what owners want, funding sources for the revitalization process, consultative assistance for the owners, connecting with relevant stakeholders, vacant property taxation and regulations, raising awareness about vacant property, etc. There is an urgent need, as the city modernizes and more social changes occur, for the government and policymakers to scrutinize the existing policies and develop new policies and programs so as to ensure proper utilization of these artifacts as a tool for equitable urban development. It is anticipated that the outcomes of this paper will contribute valuable knowledge and solutions in how to bring these unoccupied and underutilized shophouses in use again and how to prevent potential expansion of the vacancy.

Keywords: Vacant shophouses, Bangkok, Root causes, Fishbone diagram, Policy implications

Introduction

Thailand's shophouse buildings are just another representation of a regional Asian vernacular, which is part of a much wider global architectural phenomenon. The concept of merging commercial and residential activities into a single building emerged out of people's urban need for complementarity and proximity between business and residential activities. However, as with the ongoing modernization of the city, shophouses fall behind the pace of demand. When we look at the timeline of shophouse development in Bangkok (Figure 1), we can see that once popular shophouse buildings began to lose their popularity after their peak in the late 1980s (Fusinpaiboon, 2021). Presently,

the majority of the shophouses in the city have grown outdated, poorly maintained, and underutilized. According to a recent study by AREA (Agency for Real Estate Affairs), 9.2% of the total low-rise housing units in the Bangkok Metropolitan Region (BMR) are empty (Pornchokchai, 2019). Amongst these vacant units (both housing and

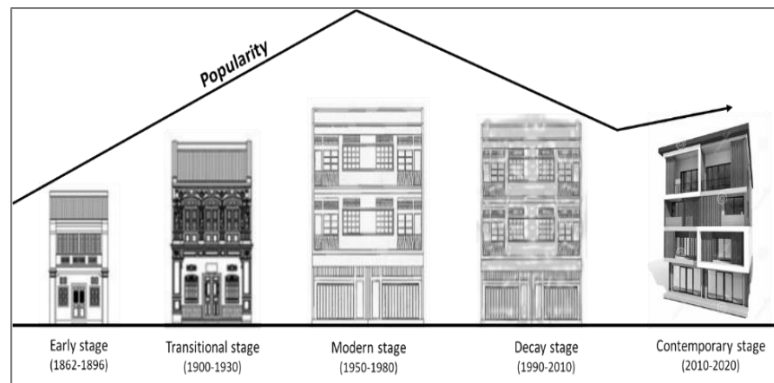


Figure 1 Timeline of shophouse development in Bangkok (Source: Author)

commercial), shophouses are remarkable as they are one of the most common building types in Bangkok. However, there is still a ray of hope. A recurring urban trend can be seen in Bangkok, where demand for shophouse buildings appears to be ramping up again in the 2010s, as owners are rehabilitating their old shophouses, transforming them into guesthouses, micro-office space, small shops, cafes, etc (Chen, 2007). This rising popularity of reusing shophouse buildings, however, is not gaining as much momentum as it could be due to a lack of efficient regeneration strategies. Authorities should aim to integrate the needs with available resources while designing a regeneration strategy for these shophouses. Then, and only then, will reuse strategies be effective and sustainable.

The main aim of this research paper is to draw attention to one of Thailand's most significant yet overlooked assets: its historical stock of dense, mixed-use, inexpensive, and culturally valuable shophouses. It explores the root causes of shophouse vacancy and eventually draws some conclusions for this study and suggests policy implications to avert the vacancy. According to research, successful urbanism must acknowledge the inherent social, economic, and environmental advantages of conservation, urban renewal, and revitalization in sparking a city's urban fabric, engaging the populace profoundly with the place and ensuring connection between the past, present, and future. And Bangkok's shophouses have many valuable traits that the community needs to preserve and enhance, including their history, architecture, culture, and deep sense of solidarity.

Materials and methods

A qualitative research approach was adopted to understand the shophouse vacancy in the discussion with the corresponding shophouse owners, by asking what they experienced with their property. This qualitative approach was regarded more appropriate for carrying out this study since it offers greater depth and significance from an individual's experiences owning a shophouse building. The root cause analysis technique was selected as the appropriate qualitative research method since it addressed the "what" and "why" questions, which were relevant to the research objectives and questions. It would substantially aid in the deployment of mitigation action for any sort of concerning situation. The Fishbone diagram, in combination with the 5-Whys technique (Romo, Vick, & Quilizapa, 2013) were adopted as the tools for the root cause analysis technique, which facilitated the revealing of those unarticulated and hidden causes of shophouse vacancy.

The main research instrument for this study was a semi-structured questionnaire. This semi-structured questioning approach allowed the participants more room to answer in terms of what is essential to them and the flow of topics. When required, probing questions were asked to encourage participants to comment on or clarify a statement, as well as to explore core experiences. In designing the questionnaire, the researcher ensured that the respondents were able to decode the questions the way they were intended and to participate in providing other possible causes and effects of abandonment and proposed suggestions for resolving them. Respondents' experiences were deeply analyzed via 15-minute questionnaires in order to strengthen the credibility of the study's conclusions. The data collected through semi-structured questionnaire reveals the way things are or describes what is actually happening in real life.

Primary data collection took place in the months of August and September of 2021. The research participants were selected using a purposive sampling method. This sampling method helped to set the criteria for participants' eligibility. The inclusion criteria for participants were as follows: the participant must be the owner, the participant's property must be partially unoccupied (specifically the upper floors) for at least three years, and the participant's property must be a commercial shophouse (owners either residing there with their families or residing somewhere else). A total of 40 shophouse owners were chosen based on this set of criteria.

The shophouse owners were interviewed in two phases to evaluate the root causes of shophouse vacancy. The initial interview was used to obtain generic responses, which were subsequently categorized using the Fishbone Diagram into a few significant factors responsible for the shophouse vacancy. A week following the initial interview, the second stage of the interview was conducted to dive deeply into each factor (using the 5-Whys questionnaire). Once all the interviews were done, the responses were processed for the qualitative analysis. Responses were coded, analyzed, interpreted, and categorized. Questionnaire responses were evaluated several times, searching for specific patterns in the answers. Eventually, the shophouse owners' responses were illustrated by a fish-like graphic (the Fish Bone Diagram) and a structured series of boxes (the 5-Whys technique).

The underlying causes behind the vacancy are always important in strategizing the reactivation process of these shophouses. Following a review of worldwide case studies for vacant property reactivation, a few policies that are applicable to Thailand were proposed in this paper. These policies are about thoughtful planning, innovative programs and practices, and targeted code enforcement for the shophouse revitalization.

Results

Based on information obtained from the responses during the first round of questioning, the prime reasons for shophouse buildings' vacant status have been categorized into five dominant categories, as below:

- ☐ Shophouse's architectural design & quality of life
- ☐ Shophouse owners' financial standpoint
- ☐ The ongoing rapid urbanization trend in the neighboring community
- ☐ Laws & regulations for vacant property and renovation
- ☐ Owners' cultural & behavioral viewpoint

A week following the first staged interview, a second staged interview was performed with the same shophouse owners in which the 5-Whys technique was applied in questioning. The responses from the second interview aided in delving further into each dominant category and identifying the actual cause of the vacancy by questioning "why" until the owners were unable to answer. Then the researcher attempted to categorize the interview responses obtained from the second interview under the five dominant categories (mentioned above), resulting in a fishbone diagram displaying the root causes of shophouse vacancy in a set of boxes (Figure 2). According to the owners, these are all the explanations for the vacancy of shophouse buildings.

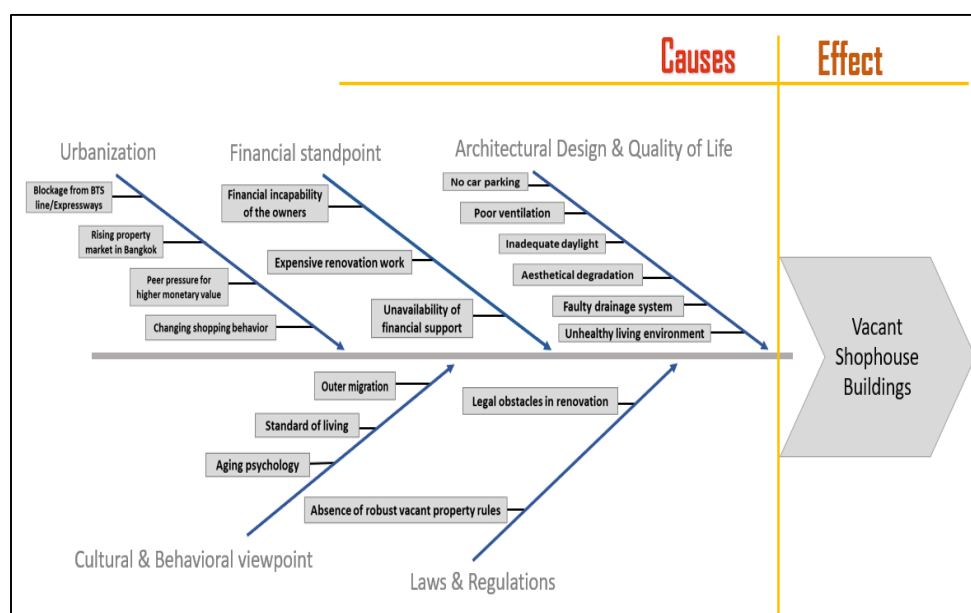


Figure 2 Fishbone diagram representing the root causes of shophouse vacancy in Bangkok (Source: Author)

Policy implications

So far, research on modernizing the architectural design of shophouse buildings has piqued the interest of researchers, assuming that the shophouses have turned out to be vacant due to their obsolete, inconvenient design. This research attempted to explore the prevalence of root causes of shophouse vacancy and the scope for policy implications by analyzing those root causes. Successful vacant property reactivation case studies from throughout the world had a significant influence on which policy to consider for Thailand. A comprehensive action plan can be devised to resolve the vacancy issue, which might incorporate the adoption of a vacant property registration ordinance, the creation of a digital database system for vacant properties, and collaboration among key municipal departments. Authorities may work together to develop effective vacant property legislation, revitalization funding sources, and sustainable strategic strategies to retain and attract businesses. Six implications are yielded from reviewing the findings and the respective analysis of this research:

Policy implication 1: Introduce the Vacant Property Registration Ordinance (VPRO)

According to the research findings, Thailand does not have a government-run vacant property monitoring system. There is no legal mechanism in place to detect and uphold vacant properties. Here, as the owners have the ultimate power over their property and are legally free to do whatever they want with it. This gives them the opportunity to misuse their power. Owners are not obligated to be held accountable for keeping their properties vacant year after year. Some owners hold their property vacant without maintaining it, waiting for it to sell, or renting it at a higher market price. Some owners leave it underutilized simply because they do not want to use it.

A very basic regulatory program like vacant property registration ordinances (VPRO) can be introduced in Thailand as part of a comprehensive vacant property strategy to minimize damages and reclaim losses. This ordinance may include a precise specification of which properties and which entities are required to register. There should be a registration fee structure, as well as the owner's responsibility in terms of property maintenance and penalties for failing to register on time (Martin, 2012). Registered properties can be recorded into a database system, and details about the properties as well as a map displaying their locations can be made publicly disclosed on the city's website.

In response to the endangering impact and burden of vacant and abandoned properties, many municipalities in the United States have implemented VPRO (Pearson, 2010). A VPRO mandates vacant property owners to register as the entity responsible for the property and maintain it according to certain standards. Registration provides a point of contact for the local government for monitoring, allows them to define clear standards of responsibilities for property owners, and binds the owner to specific safety and maintenance standards. Such ordinances often include fees for registration and penalties for violations, which help offset the regulatory and administrative costs of the program.

Policy implication 2: Establish a vacant property database system

Bangkok's municipality apparently lacks information about the available vacant properties. A digital database platform, which may be as straightforward as a spreadsheet, could be established in Bangkok that would contain information about problematic properties and specify whether or not each property has one or more of the earlier triggers of vacancy or abandonment. For locating vacant properties in a certain neighborhood, a digital database system with digital maps might be quite useful for locating vacant properties in a certain neighborhood. Municipal authorities can easily detect clusters of vacant and underutilized properties and assist in determining where resources should be allocated. The established building database may include various characteristics, including building identification number, mailing address, building structure, land area, gross floor area, building area, height, number of floors and construction year.

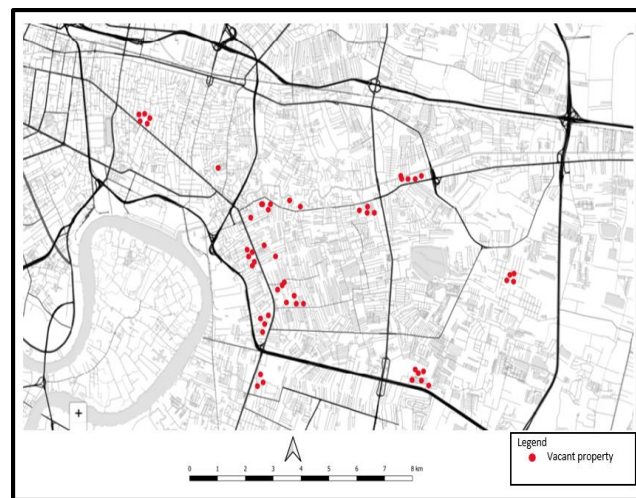


Figure 4 Digital database for vacant properties (Source: Author)

Specific information regarding the vacancy should also be included (e.g., the owner's contact information, the reason for the vacancy, the vacancy duration, the owner's aspiration for the property, etc.). Property tax delinquencies, water shutoffs, and mortgage information can all be used to forecast current or future vacancies in any property. All public information about a property should be available to users, including a history of code violations, delinquent taxes, and fire incident history. The data can be easily presented in textual format and visualized using GIS software (Figure 4), and that might be updated on a regular basis. Figure 4 illustrates an example map for locating vacant property in any neighborhood. Users may obtain further information about any property by clicking on it. Law enforcement agents, police and fire agencies, community development departments, and civic organizations can all benefit from this type of database. This database may also be used by local governments and organizations to identify at-risk properties and act quickly before a situation worsens or becomes uncontrollable.

Policy implication 3: Build collaboration among entities

Maintaining the stability of vacant properties and neighborhoods is a difficult and complex task in and of itself for municipal authorities. More practical and creative solutions can be achieved by integrating the appropriate authorities and, where suitable, community organizations. Collaboration among organizations would have a positive impact on the revitalization of vacant shophouse buildings. Since a variety of municipal departments and social welfare organizations have access to relevant data regarding problematic properties, the municipality will be likely to find better conclusions for challenges and priorities if there is a systematic way of sharing such data. As code enforcement sections are primarily responsible for handling vacant and abandoned properties, they could perhaps cooperate with any other sections that have a role and responsibility that may be associated with vacant properties, such as local community development, economic development, housing associations, police, fire department, public works, and municipal legal teams. Communities, developers, and property owners may all work together with municipalities. It may be beneficial to collaborate with neighboring municipalities when at-risk communities overlap municipal boundaries. It may also be beneficial for municipalities to collaborate closely with local authorities when dealing with concerns such as tax delinquency.

To respond to vacant property problems, municipal departments can collaborate together in a variety of ways. At the very least, departments may work together to communicate information on troublesome properties and localities. Departments might also collaborate to develop initiatives for dealing with troubled properties and/or communities. Other sorts of partnerships may include joint inspections and the formation of an inter-departmental taskforce to address a specific issue.

Policy implication 4: Add more power to the vacant property act

The smartest approach to dealing with vacant properties is to prevent them from being abandoned in the first place. Keeping a property in use is usually less expensive than returning it to productive use. This implication focuses on legal mechanisms that encourage owners to rehabilitate vacant properties. After reviewing the legal acts for vacant property in Thailand, researcher recommend revising their policy and adding a few features to create a more powerful vacant property act. These options could be code enforcement, nuisance abatement, tax foreclosure, land banking, etc.

These legal acts have been proven to be effective for privately owned commercial vacant properties, which are critical. Usually, these local governments' procedures enforce property owners to follow the maintenance standards for the buildings and, where necessary, intervene to address violations and abate nuisance conditions. Owners of vacant properties who fail to meet the minimum maintenance standards may face penalties under these acts. If an owner refuses to correct a nuisance, the municipality can do so and recapture the cost of nuisance abatement from the owner.

Policy implication 5: Bridge the financial gap

The cost of renovation, refurbishment, and redeveloping commercial vacant properties can be excessively expensive. The formulation and execution of appropriate financial structures is a critical component of successful vacant shophouse regeneration, particularly in the current economic context, when investors are skeptical. Both the private and public sectors have several sources of funds. However, the optimum prospects for privately owned commercial regeneration projects may derive from integrating distinctive sources of funding from both sectors. (Adair et al., 2000).

Private sector financiers and investors can always play an essential part in real estate and business development. Banks (home improvement loans, SBA loans), housing microfinance, Real Estate Investment Trusts (REITs), investment funds, and local company sponsorship are all capable of providing support for vacant shophouse regeneration. All that is required is a well-planned program for vacant property regeneration. It could operate on a limited budget, but it must have a clear vision. To counteract dereliction, the government may grant financial support or subsidies to anybody who wants to purchase or renovate vacant houses. Governments (local, provincial, and national) can motivate private investment by bringing down risks and integrating public and private resources through incentives such as regulatory relief, subsidized insurance, waivers of development fees, property tax abatements, and public infrastructure and amenities investments.

Policy implication 6: Promote business development

According to the research findings, there is a lack of a combination of commercial property regeneration and sustainable business development plans in Bangkok, which might strengthen the chances of successful commercial revitalization of these privately owned vacant properties. It is necessary to provide guidance on how to select an appropriate reuse option, as well as specific strategies for retaining and attracting businesses.

It is not always straightforward and easy to choose a reuse option for a commercial vacant property since it must match the building type, location, and existing condition. While considering a productive reuse that complements the property and the available resources, it is necessary to be mindful of the market's acceptability as well as the chances for rehabilitation. The commercial property's placement, infrastructure, and surrounding marketplace should all be considered while selecting a property for revitalization. Consider those businesses that are already trendy in the area and then offer them to existing customers as a smart strategy for picking a reuse choice that meets local market needs.

The availability of technical assistance and access to finance for current businesses is an important factor of a commercial revitalization initiative, with the aim of retaining old businesses and promoting new businesses in the commercial area. Training and technical support, access to finance, and peer-based aid and advocacy are the three core facilities offered by good business development programs.

Conclusion

The traditional shophouse buildings show a clear disparity with the iconic contemporary skyscrapers that characterize Bangkok's cityscape. However, they might emerge as a remarkably versatile instrument for satisfying the city's evolving demands over time once again through their socioeconomic and environmental significance. Research has also suggested that progressing urbanization should preserve cultural images to maintain the consistency of urban character (Weinberger, 2010). In this sense, these historic shophouse buildings must be acknowledged, appreciated, protected, and artistically adapted to the ever-changing urban fabric. Bangkok must take a more equitable path in its urban expansion while retaining its distinct sense of place. Persistent, strategic investments based on systematic coordination and a solid provincial plan may genuinely transform neglected communities and neighborhoods into desirable properties.

The findings of this research point insistently to the roots of shophouse vacancy in Bangkok, in contexts of socio-cultural variables linked to a lack of a competent vacant property management mechanism. The underlying causes of the vacancy are always important in strategizing the reactivation process of these shophouses. Despite the fact that the frequency and severity of each cause may not appear to be equal, they must all be acknowledged. These underlying factors can lead the authorities down the right path, which they should explore extensively. Reviewing global case studies of successful vacant property reaction programs also facilitated the selection of the most appropriate policies for Thailand. Six policy implications were derived from a consideration of the root causes of vacancy and globally successful reactivation programs. These implications of programs and policies aim to regenerate shophouses at the community and national levels, which may offer a significant approach to attenuating the vacancy problem over the long run.

This study focuses specifically on the policies that the government might adopt to handle the vacant property crisis situation and overcome the financial shortfalls in renovation activities. To confine the vacancy, a fully-fledged action plan must be devised, including an appropriate awareness program for all participants, an early-warning system and legal framework, and enhancements to legislation and vacant property management systems. The government might collaborate with relevant entities to create a competent vacant property management framework that takes these research implications into account. The city might capitalize on the opportunities for sustainable urban development that these vacant shophouse buildings may bring via regeneration. While conserving the city's historical characteristics, the future Bangkok shophouse might become a place that tells the story of the neighborhood through its physical environment and serves the needs of its people's social and cultural activities.

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