

BANGKOK OFFICE

Office Q4 2019

5.28%
Rent Growth (YoY) ▲ ▲

5.09%
Vacancy Rate ▲ ▲

1.1M
New Completions (YTD) ▲ ▲

THAI ECONOMIC INDICATORS Q3 2019

2.4%
GDP Growth ▲ ▲

0.8%
Consumer Price Index (CPI) Growth ▼ ▬

1.1%
Unemployment Rate ▲ ▬

Source: NESDB (National Economic and Social Development Board)

ECONOMY

According to the National Economic and Social Development Board (NESDB), the Thai economy in the third quarter of 2019 expanded by 2.4% YoY, continuing from 2.3% in the previous quarter. After seasonal adjustments, the economy grew by 0.1% from the second quarter (%QoQ sa). In the first 9 months of 2019, the Thai economy expanded by 2.5%.

It is estimated that the economy will grow by 2.6% in 2019 and forecasted to expand in the range of 2.7-3.7% in 2020. Overall, it is expected that export value will grow by 2.3%, while the private consumption and total investment will increase by 3.7% and 4.8% respectively. Headline inflation will lie in the range of 0.5 - 1.5 %, and the current account will record a surplus of 5.6% of GDP.

DEMAND: Still high and rental price still increasing

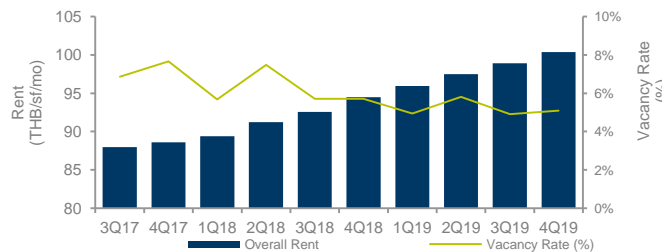
While the Grade A office building in the central business district (CBD) stood at 95% and the rental price has revised up 5% from end of last year to 100 baht per square feet per month, the overall occupancy rate in Bangkok remained high at 94%. According to the survey, there's still high demand for Grade A office buildings in CBD area, spiraling up the price. For example, Gaysorn Tower records the most expensive rental price at 148 baht per square feet per month. Ploenchit, Rama 1 and Wittayu also gain high attention from tenants.

FUTURE SUPPLY: Almost 20% of the total supply will add up in the next five years

Due to higher rentals and low vacancy rates for several years, there are office buildings under construction. It is forecasted that there will be a new supply of 1.78 million square meters in the next five years.

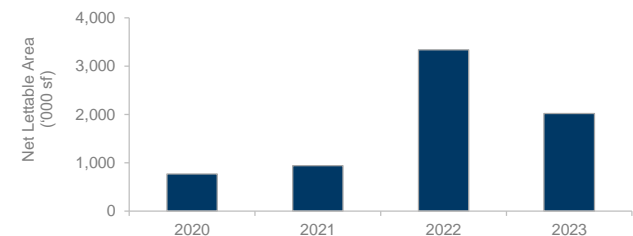
Since most of office buildings in Bangkok are over 20 years old, the upcoming supply will interestingly refresh the market. Most new projects are developed as mixed-use projects, the low floors as retail space to support and provide convenient services to tenants. From 2022 onwards, several large projects will be completed, for example, Supalai Icon on the land of former Australia Embassy, One Bangkok from TCC Group, The Forestia – the country's first city in the forest project, Bangkok Mall from The Mall Group and M Sphere – the last jigsaw piece of The M District. All of them will enhance the standards of office buildings in Thailand.

GRADE A CBD OVERALL VACANCY & ASKING RENT



Source: NEXUS

GRADE A CBD SUPPLY PIPELINE



Source: NEXUS

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION(SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (NNN)*
Ploenchit & Rama I	3,413,610	76,643	2.25%	29,235	10,609	1,068,000	\$3.78
Wittayu & Lang Suan	2,677,465	213,037	7.35%	7,274	-3,921	264,000	\$3.50
Early Sukhumvit	860,800	22,725	2.64%	-6,779	-17,776	500,000	\$4.24
Silom	773,289	35,831	4.53%	-18,260	-35,830	730,000	\$2.66
Sathorn	5,078,720	19,260	3.79%	45,418	183,330	547,000	\$2.86
Rama IV	3,171,693	327,965	10.34%	53,768	327,868	2,400,000	\$3.04
Asoke - Ratchada	864,028	0	0.00%	0	8,554	-	\$2.77
GRADE A CBD TOTALS	17,077,487	868,795	5.09%	110,657	472,773	5,509,000	\$3.33
BANGKOK TOTALS	65,441,976	3,879,960	5.93%	44,610	3,879,960	19,152,800	\$2.45

*Rental rates reflect full service asking

1 USD = THB 30.1710

KEY LEASE TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Samyan Mitrtown	Rama IV	JustCo	129,120	New Lease
T-ONE	Mid-Sukhumvit	WeWork	81,776	New Lease
True Digital Park	Upper-Sukhumvit	WeWork	53,800	New Lease

*Renewals not included in leasing statistics

KEY CONSTRUCTION COMPLETIONS YTD 2019

PROPERTY	SUBMARKET	SF	COMPLETED	OWNER/DEVELOPER
101 @ True Digital Park	Upper-Sukhumvit	322,800	1Q19	MQDC
T-ONE	Mid-Sukhumvit	245,300	2Q19	Tan Eng Asset
Samyan Mitrtown	Rama IV	516,500	4Q19	Golden Land Plc

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	COMPLETION DATE
Spring Tower	Phayathai-Pholyothin	WeWork	296,100	2020
The PARQ	Rama IV	-	645,600	2020
Siam Scape	Ploenchit & Rama I	-	119,985	2020
Unicorn Phayathai	Phayathai-Pholyothin	-	225,960	2021
O-NES Tower	Mid-Sukhumvit	-	495,000	2021
The Oasis by Singha	Chatuchak-Ratchayothin	-	570,000	2022
One Bangkok – 1st Phase	Rama IV	-	4,000,000	2023

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