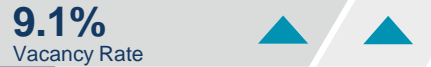


# BANGKOK OFFICE

Office Q2 2020



## ECONOMY

According to the National Economic and Social Development Council (NESDC), the Thai Economy, in the first quarter of 2020, contracted by 1.8% compared with 1.5% expansion in the previous quarter. After seasonal adjustments, the economy declined by 2.2 % from the fourth quarter of last year (%QoQ sa).

In 2020, the Thai economy is expected to show a contraction in the range of (-6.0) - (-5.0)%, due to the severe downturn of the global economy and merchandise trade, the sharp decline in number and revenues from foreign tourists, the limitations due to the COVID-19 outbreak in Thailand, and the drought. Meanwhile, the headline inflation is expected to be in the range of (-1.5) - (-0.5)%, and the current account tends to register a surplus of 4.9% of GDP.

## DEMAND: Rents growth despite higher vacancy rate

With a total supply of approximately 6.12 million square meters, Bangkok's overall office market remains stable with low vacancy rates at 6.6%. The average rental rate stood at THB805 sqm/mo, which increased 3.9% y-o-y, while the average rental rate in CBD rose 3.5% y-o-y, recorded at THB883 sqm/mo (Grade A; THB1,100 sqm/mo, Grade B; THB 740 sqm/mo). Altogether with the other BDs, the rents also increased 4.4% y-o-y (Grade A; THB877 sqm/mo, Grade B; THB635 sqm/mo).

The vacancy rate in some areas are rising particularly for Grade A buildings in CBD area. The vacancy rate in those areas rose to 9.1%, up from 6.1% last quarter, and it is the highest rate since 2013.

## FUTURE SUPPLY: Downtrends against new supply

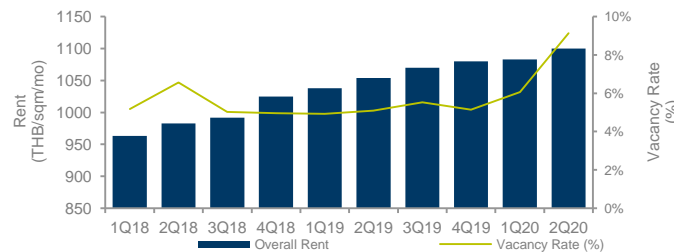
The office market has been impacted by coronavirus, especially during the lockdown period. Even though the average vacancy rate in Bangkok is still low, we are seeing a higher vacancy rate in most areas and lower absorption rate of the new supply. Recently, most of the tenants delayed signing the new lease agreement and/or are reconsidering downsizing their space. Most of the employees have been forced to work remotely at home during the lockdown period until now. This enforcement may change a 'need of workspace'. Due to a slowing down of the global economy, some companies might consider to reassess its headcount. Moreover, co-working spaces have been playing an important role in the last couple of years. Many of them took huge spaces, especially in Grade A buildings in the CBD area. A slowdown trend in co-working spaces due to COVID-19 will surely affect many new upcoming buildings in the near future.

## THAI ECONOMIC INDICATORS Q1 2020



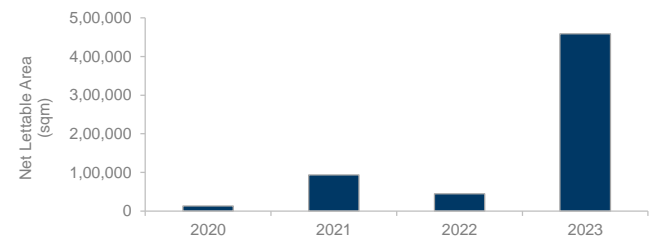
Source: NESDC (National Economic and Social Development Council)

## GRADE A CBD OVERALL VACANCY & ASKING RENT



Source: NEXUS

## GRADE A CBD SUPPLY PIPELINE



Source: NEXUS

## MARKET STATISTICS

SUBMARKET	INVENTORY (SQM)	DIRECT VACANT (SQM)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION(SQM)	YTD OVERALL NET ABSORPTION (SQM)	UNDER CNSTR (SQM)	OVERALL AVG ASKING RENT (THB/SQM/MO)	OVERALL AVG ASKING RENT (US/SF/MO)
Ploenchit & Rama I	317,250	12,275	3.87%	-4,458	-5,152	99,240	1,219	\$3.65
Wittayu & Lang Suan	269,310	23,718	8.81%	-2,397	-3,919	74,500	1,150	\$3.44
Early Sukhumvit	80,000	1,520	1.90%	432	592	46,000	1,375	\$4.12
Silom	73,500	5,273	7.17%	851	-1,943	56,700	875	\$2.62
Sathorn	472,256	48,212	10.21%	-17,220	-30,057	42,480	935	\$2.80
Rama IV	334,767	55,040	16.44%	31,960	35,440	511,000	1,107	\$3.31
Asoke - Ratchada	80,300	2,615	3.26%	-2,430	-2,615	-	950	\$2.85
<b>GRADE A CBD TOTALS</b>	<b>1,627,383</b>	<b>148,653</b>	<b>9.13%</b>	<b>6,740</b>	<b>-7,654</b>	<b>829,920</b>	<b>1,100</b>	<b>\$3.30</b>
<b>BANGKOK TOTALS</b>	<b>6,122,640</b>	<b>401,169</b>	<b>6.55%</b>	<b>50,144</b>	<b>39,192</b>	<b>1,394,650</b>	<b>805</b>	<b>\$2.41</b>

\*Rental rates reflect full service asking

1 USD = THB 34.6818

## KEY LEASE TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
The PARQ	CBD – Rama IV	WeWork	10,000	New Lease

\*Renewals not included in leasing statistics

## KEY CONSTRUCTION COMPLETIONS YTD 2020

PROPERTY	SUBMARKET	SQM	COMPLETED	OWNER/DEVELOPER
The PARQ	CBD – Rama IV	60,000	Q2 2020	TCC Assets

## SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQM	COMPLETION DATE
Siam Scape	CBD - Ploenchit - Rama I	-	13,200	2020
RASA TWO	New Petchaburi - Pathunam	-	43,000	2020
Kronos Sathorn Tower	CBD – Sathorn	-	22,500	2021
The Unicorn Phayathai	Phayathai - Pholyothin	-	22,000	2021
66 Tower	Bangna	-	29,000	2021
O-NES Tower	Mid-Sukhumvit	-	46,000	2021
The Oasis by Singha	Chatuchak - Ratchayothin	-	53,000	2022
One Bangkok – 1st Phase	CBD - Rama IV	-	201,000	2023

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