

BANGKOK OFFICE

Office Q3 2020

2.5%
Rent Growth (YoY)



9.3%
Vacancy Rate



60,000 sqm
New Completions (YTD)



THAI ECONOMIC INDICATORS Q2 2020

-12.2%
GDP Growth



-2.7%
Consumer Price Index (CPI) Growth



2.0%
Unemployment Rate



Source: NESDC (National Economic and Social Development Council)

Economy Contracted 6.9% in 1H 2020

Thailand's economy shrank 12.2% in Q2 2020, compared with a 2% fall in Q1, according to the National Economic and Social Development Council (NESDC). After seasonal adjustment, the drop from the first quarter is 9.7%. In the first half of 2020, the Thai economy contracted by 6.9%.

For year 2020 the economic forecast is now for a contraction in the range of -7.3% to -7.8%, revised down from the May forecast of -5.0% to -6%. The headline inflation figure is expected to be in a range of -0.7 to -1.2% and the current account is heading to register a surplus of 2.5% of GDP.

COVID-19 Impact Prompts First Rent Drops in Ten Years

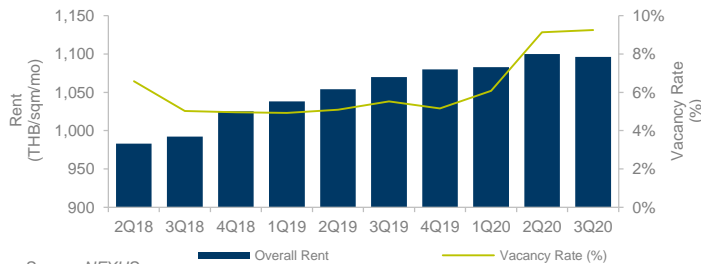
With Bangkok's total office supply at approximately 6.17 million sq m square meters (sqm), the overall vacancy rate remains low at 7.5%. Overall average monthly rent dipped 0.6% q-o-q, from THB810 per sq m to THB805 per sq m. Average Grade A rent was at THB 992 per sq m per month and Grade B at THB685. Even though the drop has been marginal, it does mark the first time in a decade that landlords have been obliged to reduce rents, due to the economic disruption from COVID-19.

In the CBD area, total Grade A stock was at 1.68 million sqm. The vacancy rate remained similar to Q2 at 9.3% Average monthly CBD Grade A asking rent slightly dropped 0.4% q-o-q from THB1,100 per sq m to THB1,096 per sq m. Average CBD overall rent was at THB876 per sq m and Grade B at THB 734 per sq m.

New Supply Influx Will Challenge Landlords

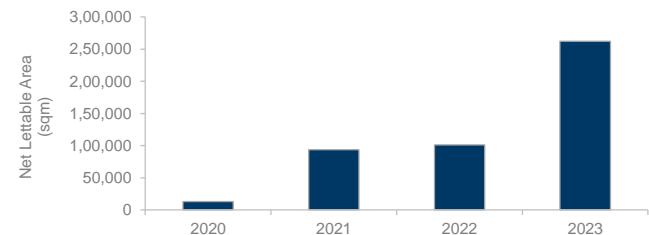
Even though most businesses have now resumed operations, the economic effects from the pandemic have been huge. Firms have looked to cut costs, including on rents. Some tenants have downgraded or downsized premises, while others have postponed relocations or expansions since Q2. A large volume of new supply is also still in the pipeline. Almost 600,000 sq m of Grade A space in the CBD area is under construction and scheduled to be completed within the next three years. A global economic slowdown coupled with an influx of new supply shaping the office market into the longer term will challenge landlords, with the office market having been a landlord-favorable one for the past 10 years.

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	310,378	12,850	4.14%	-575	-5,727	99,200	1,186	\$3.54
Wittayu & Lang Suan	269,310	26,206	9.73%	-2,488	-6,407	24,500	1,150	\$3.43
Early Sukhumvit	79,210	3,690	4.66%	-2,960	-2,368	46,000	1,375	\$4.10
Silom	73,500	6,218	8.46%	-945	-2,888	56,700	865	\$2.58
Sathorn	472,256	44,205	9.36%	4,007	-26,050	42,500	952	\$2.84
Rama IV	390,567	60,164	15.40%	-5,124	30,316	291,000	1,107	\$3.30
Asoke - Ratchada	80,300	1,590	1.98%	1,025	-1,590	-	950	\$2.84
GRADE A CBD TOTALS	1,675,522	154,924	9.25%	-6,270	-14,714	559,900	1,096	\$3.27
BANGKOK TOTALS	6,172,368	462,817	7.50%	-35,933	-27,570	1,301,300	805	\$2.40

*Rental rates reflect full service asking

1 USD = THB 33.134

KEY LEASE TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
The PARQ	CBD – Rama IV	Minor International PLC	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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