

BANGKOK OFFICE

Office Q4 2020

0.7%
Rent Growth (YoY)

YoY Chg
12-Mo. Forecast



9.8%
Vacancy Rate



60,000 sqm
New Completions (YTD)



THAI ECONOMIC INDICATORS Q3 2020

-6.4%
GDP Growth

YoY Chg
12-Mo. Forecast



-0.7%
Consumer Price Index (CPI) Growth



1.9%
Unemployment Rate



Source: NESDC (National Economic and Social Development Council)

Economy Contracted 6.7% in First Nine Months

Thailand's economy declined by 6.4% in Q3 2020, improving from a 12.1% contraction in the previous quarter. In the first nine months of 2020 the overall economic contraction was 6.7%. The forecast for the full-year 2020 is now a contraction of 6%. Headline inflation is estimated to fall by 0.9%. In 2021 the economy is expected to expand within the range of 3.5% – 4.5%. Headline inflation is expected to be in the range of 0.7% - 1.7%, according to the National Economic and Social Development Council (NESDC).

Vacancy Rises Due to COVID-19

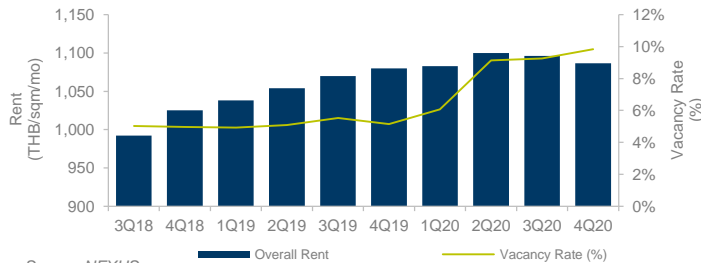
With Bangkok's total office supply at approximately 6.20 million sq m, the office market sustained a low overall vacancy rate of 8.84% in Q4, although up from 8.01% q-o-q. Approximately 130,000 sq m of new supply entered the market in 2020, including The PARQ and Sathorn Prime. In terms of rent, the ongoing pandemic ensured marginal growth at only 1.17% this year, compared to an average increase of 4%-5% per year. The average rental rate stood at THB804 per sq m (Grade A: THB985 per sq m; Grade B: THB688 per sq m). In the CBD area the occupancy rate for all office grades fell from 95% last year to 92% this year. CBD average rent increased 0.47% y-o-y to THB875 per sq m.

Total Grade A stock in CBD was at 1.68 million sq m. Vacancy rose in in Q4 to 9.75%, up from 9.25% in Q3. Absorption was depressed in the face of the pandemic, with many firms concerned with the uncertainty postponing business expansion or reducing office space needs to cut costs. As a result, year-to-date absorption declined 8,750 sq m. Nonetheless, average monthly CBD Grade A asking rent grew slightly, up 0.66% y-o-y from THB1,080 per sq m to THB1,088 per sq m.

New Supply Influx Will Challenge Landlords

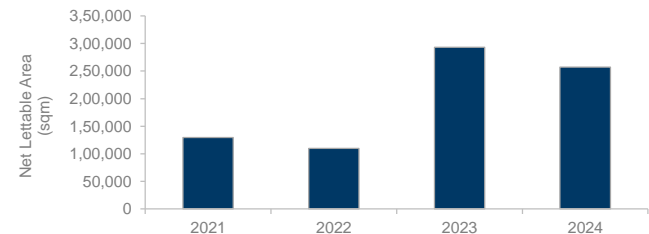
The Bangkok office market merits close monitoring, with a huge volume of new supply due in the next five years. The total of approximately 1.8 million sq m will come from many prime land plots in the city. The influx is likely to cause the market to flip from landlords to tenants, accelerating tenants' bargaining power, having been landlord-favorable with tight supply for the past 10 years. A slow recovery from the global recession and an ageing society will also create a higher dependency ratio and lead to long-term softening in office demand. We do not expect to see either occupancy or rental levels to increase in the coming year.

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	12,832	4.13%	18	-5,015	152,000	1,187	\$3.67
Wittayu & Lang Suan	269,310	31,147	11.57%	-4,941	-9,826	50,000	1,148	\$3.55
Early Sukhumvit	79,210	4,316	5.45%	-626	-3,154	74,000	1,300	\$4.02
Silom	73,500	7,578	8.46%	-1,360	-1,454	67,500	865	\$2.68
Sathorn	472,256	42,510	9.00%	1,695	-11,518	40,500	941	\$2.91
Rama IV	390,567	60,937	15.60%	-773	26,062	590,000	1,090	\$3.37
Asoke - Ratchada	80,300	4,029	5.02%	-2,439	-3,844	-	950	\$2.94
GRADE A CBD TOTALS	1,675,522	163,350	9.75%	-8,426	-8,750	1,014,000	1,087	\$3.36
BANGKOK TOTALS	6,206,851	548,550	8.84%	-22,525	-51,834	1,783,200	804	\$2.49

*Rental rates reflect full service asking

1 USD = THB 30.0333

KEY LEASE TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	TENANT	SQM	TYPE

*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	2021
RASA TWO	New Petchaburi - Pathunam	-	43,000	2021
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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