

# BANGKOK OFFICE

Office Q1 2021

**-1.81%**  
Rent Growth (YoY)

YoY Chg  
12-Mo. Forecast



**10.02%**  
Vacancy Rate



**- sqm**  
New Completions (YTD)



## THAI ECONOMIC INDICATORS Q4 2020

**-4.2%**  
GDP Growth

YoY Chg  
12-Mo. Forecast



**-0.8%**  
Consumer Price Index (CPI) Growth



**1.9%**  
Unemployment Rate



Source: NESDC (National Economic and Social Development Council)

## Economy Contracted 6.1% in 2020

Thailand's economy declined by 4.2% y-o-y in Q4 2020, improving from the 6.4% contraction of Q3. For the full year 2020, the economy declined by 6.1%, compared with growth of 2.3% in 2019. Export of goods, private consumption expenditure, and total investments contracted by 6.6%, 1%, and 4.8%, respectively. The headline inflation figure was at -0.8% and the current account registered a surplus of 3.3% of GDP. The economy has gradually strengthened from the latter half of 2020, with the growth projection now at 2.5-3.5%. Headline inflation is forecast for 1.0 - 2.0%, with the current account registering a surplus of 2.3% of GDP, according to the National Economic and Social Development Council (NESDC).

## Vacancy Rises Due to COVID-19

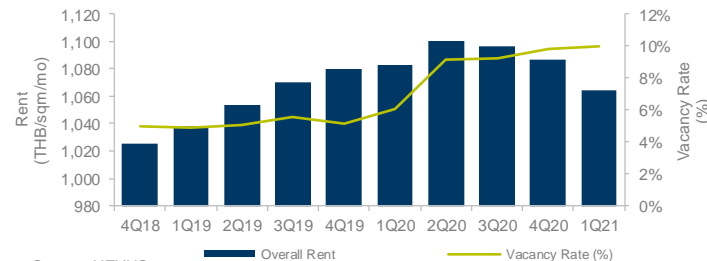
With Bangkok's total office supply at approximately 6.28 million sq m, the overall vacancy rate climbed to 9.55% in this quarter, up from 8.99% q-o-q. Vacancy has been rising since Q2 2020 due to COVID-19 and is set to continue this year. The overall citywide monthly average rental stood at THB800 per sq m, a change of just 0.12% y-o-y (Grade A at THB967 per sq m and Grade B at THB690 per sq m). However, this represents a fall 0.44% q-o-q.

Total Grade A stock in the CBD was at 1.68 million sq m. Vacancy rose in Q1 to 10.02%, up from 9.75% in Q4 2020. The CBD vacancy rate exceeded 10% for the first time since 2013. However, Ploenchit – Rama I, Asoke – Ratchada, Sathorn and Early Sukhumvit submarkets are tighter, with vacancy below 10%. The average monthly CBD Grade A asking rent declined 2.13% q-o-q from THB1,087 per sq m to THB1,064 per sq m, a fall of 1.81 y-o-y. The all grade rental rate for the CBD area was at THB866 per sq m per month and Grade B at THB736 per sq m per month.

## New Supply Influx Will Challenge Landlords

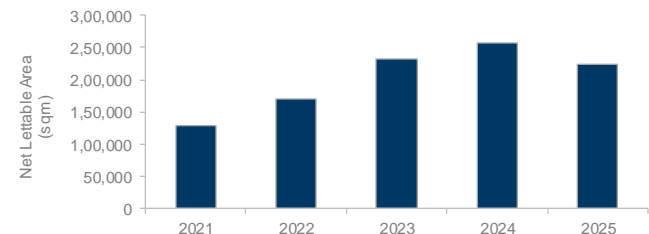
The Bangkok office market merits close monitoring, with a huge volume of new supply due in the next five years. The total of approximately 1.6 million sq m will come from many prime land plots in the city. Approximately 385,000 sq m will enter the market this year, in contrast with the negative absorption recorded last year. 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 increase this 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 NET ABSORPTION (SQM)	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	17,174	5.53%	-4,342	-4,342	-4,342	152,000	1,174	\$3.55
Wittayu & Lang Suan	269,310	29,211	10.85%	1,936	1,936	1,936	50,000	1,078	\$3.26
Early Sukhumvit	79,210	5,237	6.61%	-921	-921	-921	74,000	1,250	\$3.78
Silom	73,500	8,924	12.14%	-1,346	-1,346	-1,346	67,500	865	\$2.62
Sathorn	472,256	45,791	9.70%	-3,281	-3,281	-3,281	40,500	936	\$2.83
Rama IV	390,567	59,069	15.12%	1,868	1,868	1,868	590,000	1,090	\$3.30
Asoke - Ratchada	80,300	2,441	3.04%	1,588	1,588	1,588	-	950	\$2.87
<b>GRADE A CBD TOTALS</b>	<b>1,675,522</b>	<b>167,848</b>	<b>10.02%</b>	<b>-4,498</b>	<b>-4,498</b>	<b>-4,498</b>	<b>1,055,000</b>	<b>1,064</b>	<b>\$3.32</b>
<b>BANGKOK TOTALS</b>	<b>6,283,600</b>	<b>600,331</b>	<b>9.55%</b>	<b>17,402</b>	<b>17,402</b>	<b>17,402</b>	<b>1,685,400</b>	<b>800</b>	<b>\$2.42</b>

\*Rental rates reflect full service asking

1 USD = THB 30.7314

## KEY LEASE TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT	SQM	TYPE

\*Renewals not included in leasing statistics

## KEY CONSTRUCTION COMPLETIONS YTD 2021

PROPERTY	SUBMARKET	SQM	COMPLETED	OWNER/DEVELOPER
RASA TWO	New Petchaburi - Pathunam	43,000	Q1 2021	Rasa Group
Lumpini Tower Vibhavadi-Chatuchak	Chatuchak - Ratchayothin	25,294	Q1 2021	L.P.N. Development PLC
WHA Tower	Onnut - Bangna	24,023	Q1 2021	WHA Corporation PLC

## SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQM	COMPLETION DATE
Siam Scape	CBD - Ploenchit - Rama I	-	13,200	2021
CAS Centre	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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