

BANGKOK OFFICE

Office Q2 2021

-4.09%
Rent Growth (YoY)

YoY Chg
12-Mo. Forecast

10.05%
Vacancy Rate

- sqm
New Completions (YTD)

THAI ECONOMIC INDICATORS Q1 2021

-2.6%
GDP Growth

-0.5%
Consumer Price Index (CPI) Growth

2.0%
Unemployment Rate

Source: NESDC (National Economic and Social Development Council)

Economic Contraction Softened to 2.6% in Q1 2021

Thailand's economy contracted by 2.6% in Q1 2021, an improvement on the 4.2% decline of the previous quarter. Performance was boosted by a continued increase in agricultural production, recovery of non-agricultural production, acceleration in domestic investments, rise in government consumption expenditure, and improvement in exports of goods. On a quarterly basis, gross domestic product (GDP) rose by 0.2% in the first quarter, compared to 1.1% in the fourth quarter of 2020.

However, the new wave of COVID-19 infections at the end of 2020 and early April 2021 adversely impacted private consumption expenditure. The National Economic and Social Development Council (NESDC) lowered its economic growth forecast for a second time, down to 1.5-2.5% from the 2.5-3.5% forecast made in February. This compares to the 3.5-4.5% growth achieved in November last year.

Higher Vacancy Rate and Lower Rental Rate Due to COVID-19

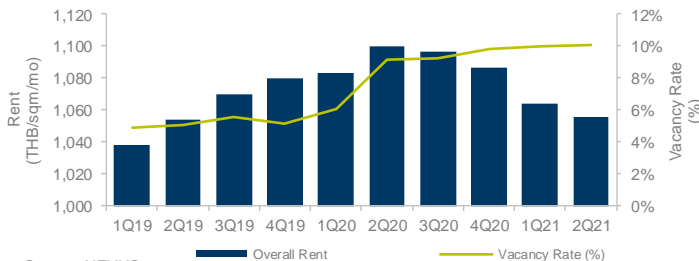
With Bangkok's total office supply at approximately 6.29 million sq m, the overall vacancy rate climbed to 9.97% in Q2, up from 9.58% q-o-q. Overall vacancy has now been rising since Q2 2020 due to COVID-19 and is set to continue this year. The overall citywide monthly average rental stood at THB795 per sq m, shrinking by 1.5% y-o-y (Grade A at THB964 per sq m and Grade B at THB687 per sq m).

Total Grade A stock in the CBD was at 1.68 million sq m. Vacancy rose in Q2 to 10.05%, up from 10.02% in the previous quarter. Ploenchit - Rama1 and Asoke - Ratchada submarkets remain strong with vacancy rates less than 5%. Many landlords have trimmed asking rents to attract new tenants and extended subsidies such as rent-free periods and lease renewal discounts for new and existing tenants. Consequently, the average monthly CBD Grade A asking rental level fell 0.74% q-o-q from THB1,064 per sq m to THB1,056 per sq m, a drop of 4.09 y-o-y. The all-grade rental rate for the CBD area was at THB860 per sq m per month and Grade B at THB732 per sq m per month.

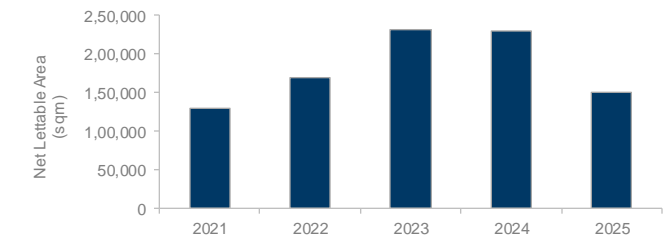
Market Likely to Shift to Favor Tenants

The new wave of COVID-19 cases, starting in April, is impacting overall market sentiment. The latest outbreak has accounted for over two-thirds of Thailand's total infections. The slow rollout of a vaccination program is also creating delay in reopening plans. These factors, combined with a huge volume of new supply of approximately 1.6 million sq m in the coming years, will likely noticeably shift bargaining power to tenants.

GRADE A CBD OVERALL VACANCY & ASKING RENT



GRADE A CBD SUPPLY PIPELINE



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	15,868	5.11%	1,306	1,306	1,306	152,000	1,152	\$3.38
Wittayu & Lang Suan	269,310	34,450	12.83%	-5,329	-5,329	-5,329	165,500	1,078	\$3.16
Early Sukhumvit	79,210	7,761	9.80%	-2,524	-2,524	-2,524	74,000	1,200	\$3.52
Silom	73,500	9,597	13.06%	-673	-673	-673	56,700	865	\$2.54
Sathorn	472,256	43,166	9.14%	2,626	2,626	2,626	40,500	936	\$2.75
Rama IV	390,567	55,044	14.09%	4,025	4,025	4,025	563,000	1,090	\$3.20
Asoke - Ratchada	80,300	2,421	3.04%	20	20	20	-	950	\$2.79
GRADE A CBD TOTALS	1,675,522	168,397	10.05%	-549	-549	-549	1,051,700	1056	\$3.10
BANGKOK TOTALS	6,293,410	627,631	9.97%	-1,523	-1,523	-1,523	1,688,000	795	\$2.33

*Rental rates reflect full service asking

1 USD = THB 31.6789

KEY LEASE TRANSACTIONS Q2 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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