

BANGKOK OFFICE

Office Q3 2021

2.83%
Rent Growth (YoY) ▲ ▬

11.81%
Vacancy Rate ▲ ▲

38,574 sqm
New Completions (YTD) ▲ ▼

THAILAND ECONOMIC INDICATORS Q3 2021

7.50%
GDP Growth ▲ ▼

2.36%
Inflation Growth ▲ ▼

1.89%
Unemployment ▼ ▼

Source: NESDC (National Economic and Social Development Council)

Thailand's Economy Returns to Growth on Annual Basis

The Thai economy grew by 7.5% y-o-y in Q2, rebounding from the 2.6% contraction of Q1 to record the first expansion in six quarters. Exports of goods largely supported economic performance in the quarter. The inflation rate was at 2.36% in Q2, up from a 0.53% contraction in Q1. The unemployment rate dropped to 1.89% in Q2, from 1.96% in Q1. Momentum in the economic recovery and growth in 2021 has faded since the new wave of COVID-19 starting in April. However, growth over the remainder of the year is now forecast on the assumption that the current COVID-19 wave will be sufficiently controlled that normal economic activities can gradually resume in Q4.

New CBD Office Projects Enter the Market Amid Economic Recovery

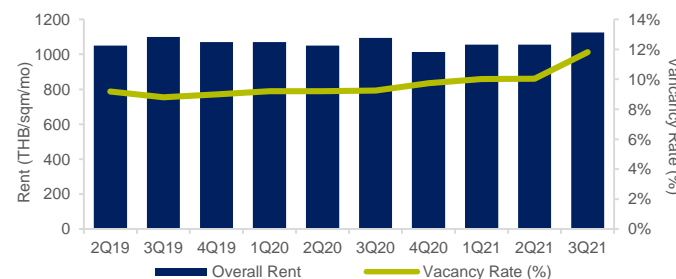
Total Bangkok office stock in Q3 was at approximately 9.38 million sq m, up 0.41% q-o-q. The citywide overall vacancy rate edged up to 10.07% from 9.97% in Q2. Overall net absorption in Q3 recorded 25,348 sq m, down slightly from the 27,700 sq m seen in Q2. The citywide monthly average rental level rose 9.8% q-o-q to reach THB 873 per sq m per month.

Total Grade A office stock in CBD locations was recorded at 1.53 million sq m in Q3, growing by 2.58% q-o-q. The Siamscapes and Vanissa Office projects completed in the quarter, adding a net lettable area of 38,574 sq m to the CBD. A further 43,175 sq m of Grade A office space under construction is scheduled to be completed in Q4, bringing a total of 101,914 sq m to the CBD market for the 2021. Overall net absorption for the CBD area stood at 8,048 sq m for Q3, with the vacancy rate at 11.81%, up from 10.07% in Q2. The Wireless – Lang Suan submarket achieved the highest net absorption at 25,883 sq m. The Ploenchit – Rama 1 submarket followed, with net absorption at 8,181 sq m, supported by tenants moving into newly completed office spaces.

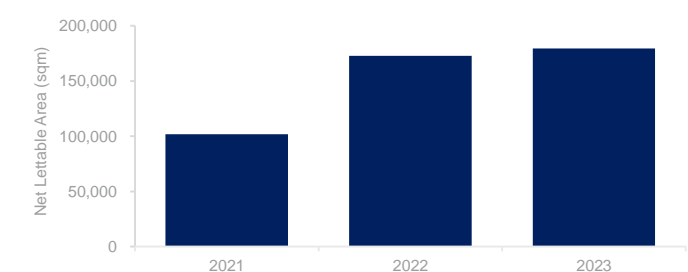
Moderate Market Performance Expected

Average Bangkok Grade A office asking rents in the CBD market were at THB1,126 per sq m per month in Q3, an increase of 2.83% y-o-y, backed by high occupancy rates. We expect the office market to maintain a moderate performance level during the COVID-19 situation, with slowly improving demand from domestic and foreign companies throughout the remainder of 2021. Office leasing activity is predicted to remain tenant-favorable, with landlords offering incentives to retain and attract tenants. Increasingly, tenants are renewing at their existing premises with favorable incentives, rather than moving to new premises and spending CapEx. Ahead, new Grade A office projects currently under construction will bring additional office space to the prime CBD locations in the coming year, further intensifying competition in the Grade A market.

GRADE A CBD RENT & VACANCY RATE



GRADE A CBD SUPPLY PIPELINE



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 1 | 191,698 | 14,761 | 7.70% | 8,181 | 6,438 | 61,000 | 1,248 | \$3.59 |
| Wireless - Lang Suan | 325,916 | 37,480 | 11.50% | 25,883 | 22,088 | 25,785 | 1,290 | \$3.71 |
| Early Sukhumvit | 41,876 | 8,794 | 21.00% | -4,690 | -6,512 | 43,175 | 773 | \$2.22 |
| Silom | 139,530 | 18,418 | 13.20% | -195 | -6,614 | 155,000 | 903 | \$2.59 |
| Sathorn | 534,138 | 57,153 | 10.70% | -8,333 | -9,080 | - | 1,096 | \$3.15 |
| Rama 4 | 204,000 | 37,740 | 18.50% | -8,996 | -5,916 | 55,200 | 1,250 | \$3.59 |
| Asoke - Ratchada | 96,000 | 6,720 | 7.00% | -3,802 | 40,932 | - | 1,350 | \$3.88 |
| GRADE A CBD TOTAL | 1,533,158 | 181,066 | 11.81% | 8,048 | 41,336 | 340,160 | 1,126 | \$3.24 |
| BANGKOK TOTAL | 9,379,782 | 944,544 | 10.07% | 25,348 | 71,760 | 1,004,402 | 873 | \$2.51 |

*Rental rates reflect full service asking

1 USD = THB 32.338

KEY CONSTRUCTION COMPLETIONS YTD 2021

| PROPERTY | MARKET | SUBMARKET | OWNER / DEVELOPER | SQM | COMPLETION DATE |
|----------------------|--------|----------------------|-------------------|--------|-----------------|
| CAS Centre | NBD | Ratchada - Rama 9 | CAS Capital | 39,000 | Q1 2021 |
| Kronos Sathorn Tower | CBD | Sathorn | Paiboon Business | 20,165 | Q1 2021 |
| Rasa Two | CBD | Asoke - Ratchada | Rasa Group | 45,000 | Q2 2021 |
| Siamscene | CBD | Ploenchit - Rama 1 | Chula Property | 13,854 | Q3 2021 |
| Vanissa Office | CBD | Wireless - Lang Suan | Peyanarongwith | 24,720 | Q3 2021 |

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

| PROPERTY | MARKET | SUBMARKET | OWNER / DEVELOPER | SQM | COMPLETION DATE |
|-----------------------|--------|--------------------------|-----------------------------|--------|-----------------|
| O-Nes Tower | CBD | Early Sukhumvit | Thai Obayashi Corporation | 43,175 | 2021 |
| 140 Wireless | CBD | Wireless - Langsuan | Kian Gwan Thailand | 25,785 | 2022 |
| S Oasis | NBD | Chatuchak - Ratchayothin | Singha Estate | 54,000 | 2022 |
| The Rice Tower | NBD | Phayathai - Phaholyothin | Srisupharaj | 18,313 | 2022 |
| Vanit Place Aree | NBD | Phayathai - Phaholyothin | Laem Thong Enterprise | 33,510 | 2022 |
| Market Place Thonglor | EBD | Mid-Sukhumvit | Siam Future Development PLC | 13,623 | 2022 |
| One City Centre (OCC) | CBD | Ploenchit - Rama 1 | Raimon Land | 61,000 | 2022 |
| Park Silom | CBD | Silom | NYE and RGP Development | 65,000 | 2022 |
| Punn Tower | CBD | Rama 4 | Dolsiri | 21,000 | 2022 |
| The EmSphe | EBD | Mid-Sukhumvit | The Mall Group | 20,000 | 2022 |

SARAWUT TIKHACHON

Senior Market Analyst
Thailand

+66 2168 3101

sarawut.tik@cushwake.com

GARETH MICHAEL POWELL

Senior Director
Thailand

+66 2168 3101 (Ext. 110)

gareth.powell@cushwake.com

cushmanwakefield.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

About Cushman & Wakefield

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 50,000 employees in over 400 offices and 60 countries. In 2020, the firm had revenue of US\$7.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

©2021 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.