

BANGKOK OFFICE

Office Q4 2021



THAILAND ECONOMIC INDICATORS Q3 2021



Source: NESDC (National Economic and Social Development Council)

Thailand's Economy Contracted by 0.30% on Annual Basis

Thailand's economy declined by 0.30% y-o-y in Q3 2021, compared with the 7.60% y-o-y expansion seen in Q2, primarily due to the impact of the ongoing wave of new COVID-19 cases. Consequently, economic growth for the first nine months of 2021 was at 1.3%, improved from the contraction of 6.8% in the same period in 2020. The headline inflation rate stood at 0.70% y-o-y in Q3, down from 2.36% y-o-y in Q2. However, despite the lower inflation rate, people's concerns over current and future incomes persisted, resulting in cautious spending. The Consumer Confidence Index dropped to 40.6 in Q3, down from 44.6 in the previous quarter. Economic growth for the full year 2021 is now forecast at 1.20% y-o-y, indicating a gradual recovery from the 6.10% y-o-y contraction of 2020.

Leasing Performance Strengthens With Overall Net Absorption Rise

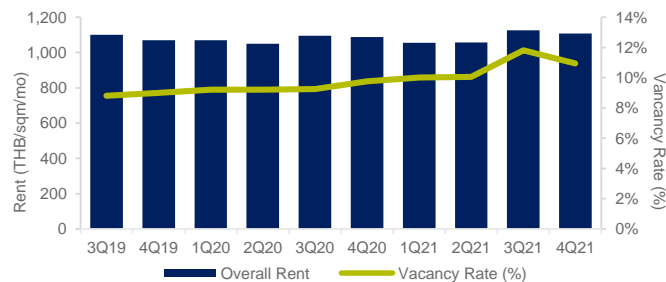
Total Bangkok office stock rose to 9.42 million sq m in Q4, up 0.46% q-o-q. The overall vacancy rate fell to 9.16% from 10.07% in Q3. Overall net absorption in Q4 recorded 124,576 sq m, jumping from the 25,348 sq m of Q3, and bringing overall net absorption for the year-to-date to 177,642 sq m. The citywide average rental level dropped by 2.75% q-o-q to THB 849 per sq m per month.

Total Grade A CBD office stock rose to 1.58 million sq m in Q4, growing by 2.82% q-o-q. The O-Nes Tower completed in the quarter, adding a net lettable area of 43,175 sq m in the Early Sukhumvit CBD submarket. Overall CBD net absorption was at 51,645 sq m for Q4, with the vacancy rate at 10.95%, down from 11.81% in Q3. The Early Sukhumvit submarket achieved the highest net absorption at 34,108 sq m, fueled by tenant take-up at the O-Nes Tower. Average Grade A office asking rents in the CBD market were at THB1,108 per sq m per month in Q4, down 1.60% y-o-y. We have seen some landlords offering discounts or rental holidays to tenants in Q4, to help relieve financial pressures from the COVID-19 situation.

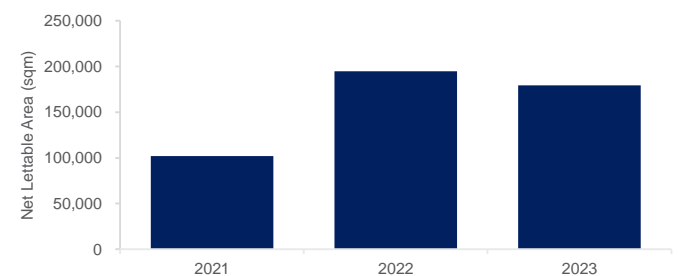
Tenants' Market Set to Continue

We have observed a rise in enquiries from tenants looking to move from traditional office space to flex space, seeking CapEx savings, as well as growing leasing enquiries for fully or partially fitted out space. We expect to see overall office asking rents to drop slightly further, with the leasing market continuing to be tenant-favorable. New supply totaling 568,231 sq m is currently expected for the office market in 2022, with 14 new projects scheduled to be completed. Around 34% of this projected new supply will be Grade A office in the CBD area. Some submarkets are expected to experience market imbalances, with the influx of new supply not matched by slow occupancy level growth.

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	16,774	8.75%	-2,013	19,346	61,000	1,243	\$3.52
Wireless - Lang Suan	325,916	30,147	9.25%	7,333	85,626	25,785	1,209	\$3.42
Early Sukhumvit	85,051	17,861	21.00%	34,108	46,520	-	773	\$2.19
Silom	139,530	14,651	10.50%	3,767	35,273	155,000	873	\$2.47
Sathorn	534,138	50,743	9.50%	6,410	108,644	-	1,096	\$3.10
Rama 4	204,000	35,700	17.50%	2,040	69,503	55,200	1,250	\$3.54
Asoke - Ratchada	96,000	6,720	7.00%	0	10,740	-	1,350	\$3.82
GRADE A CBD TOTAL	1,576,333	172,608	10.95%	51,645	375,651	296,985	1,108	\$3.14
BANGKOK TOTAL	9,422,957	863,143	9.16%	124,576	177,624	961,228	849	\$2.40

*Rental rates reflect full service asking

1 USD = THB 32.809

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
Siamscape	CBD	Ploenchit - Rama 1	Chula Property	13,854	Q3 2021
Vanissa Office	CBD	Wireless - Lang Suan	Peyanarongwith	24,720	Q3 2021
O-Nes Tower	CBD	Early Sukhumvit	Thai Obayashi Corporation	43,175	Q4 2021

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	MARKET	SUBMARKET	OWNER / DEVELOPER	SQM	COMPLETION DATE
140 Wireless	CBD	Wireless - Langsuan	Kian Gwan Thailand	25,785	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
Silom Edge	CBD	Silom	Frasers Property	22,000	2022
Market Place Thonglor	EBD	Mid-Sukhumvit	Siam Future Development PLC	13,623	2022
The EmSphere	EBD	Mid-Sukhumvit	The Mall Group	20,000	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
Ratchayothin Hills	NON-CBD	Phaholyothin Road	UHG	19,000	2022
The Forestias	NON-CBD	Bangna-Trad Road	MQDC	100,000	2022
True Digital Park	NON-CBD	Sukhumvit 63 outbound	True Digital Park	45,000	2022
AIA East Gateway	NON-CBD	Bangna-Trad Road	AIA	70,000	2022

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