

# BANGKOK OFFICE

Office Q3 2022

**3.02%**   
Rent Growth (YoY) (Grade A CBD)

**10.44%**   
Vacancy Rate (Grade A CBD)

**47,785 sqm**   
New Completions (YTD)

## THAILAND ECONOMIC INDICATORS Q2 2022

**2.5%**   
GDP Growth

**6.46%**   
Inflation Growth

**1.37%**   
Unemployment Rate

Source: NESDC (National Economic and Social Development Council)

### Thailand's Economy Expanded at Fastest Pace in a Year

The Thai economy expanded at the fastest pace in a year, at 2.5% y-o-y, in Q2 2022, accelerating from 2.2% growth in Q1 2022. The growth resulted from the easing of COVID-19 restrictions, boosting the tourism and service sectors. Hence, foreign tourist arrival numbers and domestic tourism expanded substantially. Economic growth for 2022 is now forecast at 2.7% to 3.2%. The headline inflation rate rose to 6.46% y-o-y in Q2 2022, up from 4.75% y-o-y in Q1. The inflation rate hike was driven by the prolonged global oil price surge, coming as consumer purchasing power remains weak. In response to inflationary pressure, The Bank of Thailand raised the interest rate by 0.25% from 0.75% to 1.00% in September. The unemployment rate fell to 1.37% in Q2, down from 1.53% in Q1.

### New Supply Entering the Bangkok Office Market

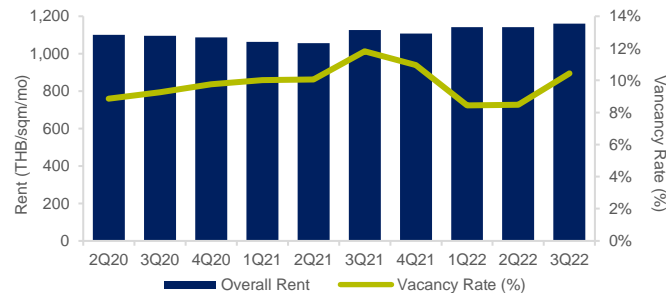
Bangkok office supply continued to grow, with 67,000 sq m of new space entering the market in Q3. Total office stock then rose to 9.50 million sq m, up 0.71% q-o-q. The citywide overall vacancy rate moved up to 12.69% from 8.80% in Q2. However, the citywide average rental level climbed to THB936 per sq m per month, up from THB917 per sq m per month in Q2, or by 2.07% q-o-q.

Total Grade A office stock in the CBD area increased to 1.75 million sq m in Q3, up 1.27% q-o-q. The newly completed Silom Edge building added a lettable area of 22,000 sq m in the Bang Rak area. Overall net absorption for Grade A office in the CBD area was at -14,343 sq m. The vacancy rate rose to 10.44% in Q3, up from 8.48% in Q2. Average Grade A rents in Q3 climbed to THB1,160 per sq m per month, up from THB1,141 in Q2. On an annual basis, the average grade A rental level increased 3.02% y-o-y, on the back of the quality new supply entering the CBD market.

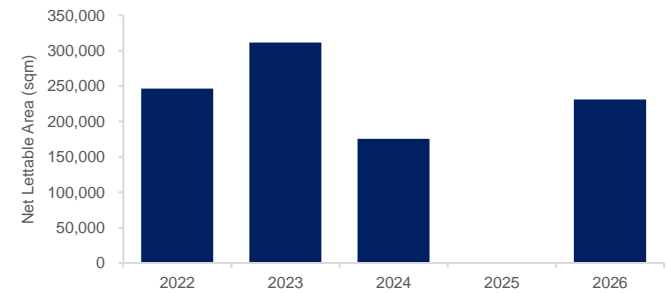
### Office Market Competition Set to Continue

Ahead, we expect the Bangkok office market to see greater competitive. Approximately 1.47 million sq m of new supply is currently scheduled to complete from Q4 2022 to Q4 2026. Around 62% will be Grade A space in the CBD area. In response to this influx of space, we expect to see office leasing activity continue to be tenant-favorable. The vacancy level is expected to climb, with new supply in the pipeline exceeding demand. Overall asking rental rates will remain stable across most sub-markets over the coming quarters. In general, landlords are expected to offer competitive terms in order to retain existing tenants and attract new occupiers. ESG-friendly office properties are a rising trend. Occupiers' enquiries for high-quality space are growing, especially in the premium CBD market, and we see new office projects in the pipeline supporting this trend.

### 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)
Bang Rak	161,530	16,153	10.00%	23,525	23,525	177,000	1,107	\$2.80
Pathum Wan	641,399	43,615	6.80%	-12,828	10,488	188,400	1,288	\$3.26
Sathorn	630,138	81,918	13.00%	-23,630	-14,682	0	1,070	\$2.71
Khlong Toey	158,051	26,869	17.00%	4,742	4,742	41,000	1,075	\$2.72
Wattana	167,632	15,087	9.00%	-6,152	-6,152	54,480	1,267	\$3.21
<b>GRADE A CBD TOTAL</b>	<b>1,758,750</b>	<b>183,642</b>	<b>10.44%</b>	<b>-14,343</b>	<b>17,921</b>	<b>460,880</b>	<b>1,160</b>	<b>\$2.94</b>
<b>BANGKOK TOTAL</b>	<b>9,504,782</b>	<b>1,206,157</b>	<b>12.69%</b>	<b>-308,632</b>	<b>-202,179</b>	<b>1,476,297</b>	<b>936</b>	<b>\$2.37</b>

\*Rental rates reflect full service asking  
1 US\$/THB 36.714

## KEY CONSTRUCTION COMPLETIONS YTD 2022

PROPERTY	MARKET	SUBMARKET	OWNER / DEVELOPER	SQM	COMPLETION DATE
140 Wireless	CBD	Central Bangkok	Kian Gwan Thailand	25,785	Q1 2022
Silom Edge	CBD	Central Bangkok	Frasers Property	22,000	Q3 2022

## SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	MARKET	SUBMARKET	OWNER / DEVELOPER	SQM	COMPLETION DATE
The Rice By Srisupharaj	City Fringe Areas	Central North	Srisupharaj	18,313	Q4 2022
Pier 111	CBD	Central Bangkok	Platinum Group	38,000	Q4 2022
Vanit Place Area	City Fringe Areas	Central North	Laem Thong Enterprise	33,510	Q4 2022
SF Thonglor	CBD	Central East	Siam Future Development PLC	13,623	Q4 2022
One City Centre (OCC)	CBD	Central Bangkok	Raimon Land	61,000	Q4 2022
Park Silom	CBD	Central Bangkok	NYE and RGP Development	65,000	Q4 2022
Punn Tower	CBD	Central East	Dolsiri	21,000	Q4 2022
AIA East Gateway	Suburban Areas	Inner South	AIA	70,000	Q4 2022
Sukhumvit Hills	Suburban Areas	Inner South	UHG	10,000	Q4 2022
Bangkok ICS Tower	Suburban Areas	Inner West	Siam Piwat	8,000	Q4 2022
Dusit Central Park	CBD	Central Bangkok	Dusit Thani	90,000	Q1 2023
The Unicorn	City Fringe Areas	Central North	U City PLC	20,174	Q2 2023
WHA KW	CBD	Central East	WHA Corporation PLC	9,900	Q2 2023
Mo Chit Complex	Suburban Areas	Inner North	U City PLC	85,325	Q3 2023
One Bangkok (Phase 1) Tower 4	CBD	Central Bangkok	TCC Assets and Frasers Property	95,000	Q4 2023
One Bangkok (Phase 1) Tower 5	CBD	Central Bangkok	TCC Assets and Frasers Property	97,000	Q4 2023
The EmSphese	CBD	Central East	The Mall Group	20,000	Q4 2023
Ratchayothin Hills	Suburban Areas	Inner North	UHG	19,000	Q4 2023

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