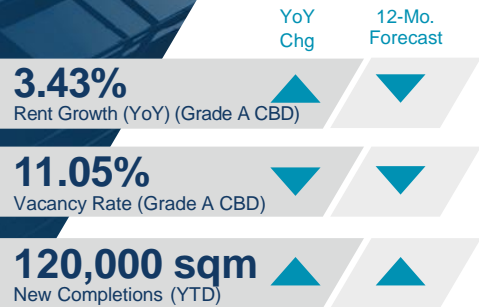


# BANGKOK OFFICE

Office Q4 2022



### Thailand's Economy Continued to Expand

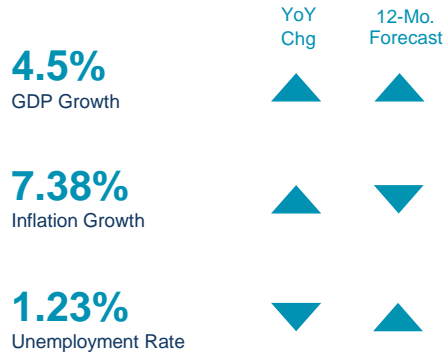
The Thai economy expanded by 4.5% in Q3 2022, accelerating from 2.5% in Q2. The growth resulted from the easing of COVID-19 restrictions, which allowed usual economic activities and business operations, coupled with the increased number of international tourist arrivals. Economic growth for 2022 is now forecast at 3.2%. The headline inflation rate rose to 7.28% y-o-y in Q3, up from 6.46% y-o-y in Q2. The inflation rate as of November was 5.5%, easing from 5.9% in October, on prices of fresh foods and foodstuffs as supply increased. Inflation for the whole of 2022 is expected to be at the average of 6.0%. The Bank of Thailand raised the interest rate by 0.25% from 1.00% to 1.25% in November, as it tries to contain above-target inflation while supporting an economic recovery facing increasing global headwinds. The unemployment rate fell to 1.23% in Q3, down from 1.37% in Q2.

### Office Leasing Activity Remained Tenant-Favorable

The Bangkok office leasing market remained tenant-favorable. A total net lettable area of 259,823 sq m entered the market in Q4. Total office stock then rose to 9.76 million sq m, up 2.73% q-o-q. The citywide overall vacancy rate moved up to 14% from 12.7% in Q3. The average asking rental level dropped slightly to THB934 per sq m per month, down from THB936 per sq m per month in Q3, or by 0.21% q-o-q.

Total Grade A office stock in the CBD area increased to 1.87 million sq m in Q4, up 6.82% on Q3. The newly completed Pier 111, One City Centre, and Punn Tower office projects added a net lettable area of 120,000 sq m in the Bangkok CBD market. Overall net absorption for Grade A office in the CBD area was positive at 96,107 sq m. The vacancy rate rose to 11.05% in Q4, up from 10.44% in Q3. Average Grade A rents in Q4 decreased to THB1,146 per sq m per month, down from THB1,160 in Q3. On an annual basis, the average grade A rental level increased 3.43% y-o-y.

### THAILAND ECONOMIC INDICATORS Q3 2022



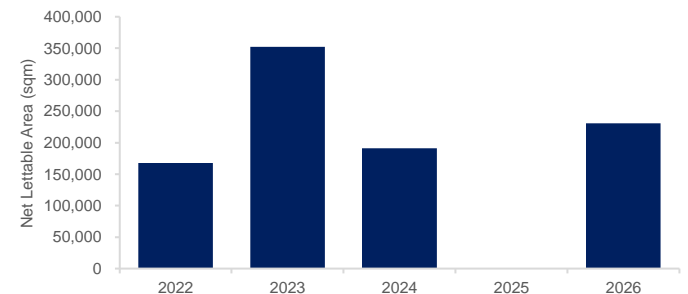
### Office Property Market Expected to be Competitive

We expect the Bangkok office property market to continue to be competitive. More new office supply is scheduled in the city from 2023 to 2026, with approximately 1.19 million sq m entering the overall market. Around 774,006 sq m or 65% will be Grade A space in the CBD area. 95% of the Grade A CBD projects aim for LEED Certification, now a market standard. The WELL standard is increasingly being considered by landlords as a focus on wellbeing enters the market. Overall office vacancy is expected to rise with the influx of supply. Rental rates will decline in most sub-markets over the coming quarters. A "Single Address to Satellite Office" workplace strategy is entering the market. Here, tenants will keep their head office in the CBD area and acquire space at co-working spaces or serviced offices to enable staff to work from the most convenient location. However, 100% hybrid working may be hampered by insufficient technological support or staff preferences for traditional office environments.

### GRADE A CBD RENT & VACANCY RATE



### GRADE A CBD SUPPLY PIPELINE



Source: NESDC (National Economic and Social Development Council)

## 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          | 8,077               | 5.00%                | 8,077                                    | 34,463                           | 128,000           | 1,196                                    | \$3.20                                 |
| Pathum Wan               | 740,399          | 47,386              | 6.40%                | 95,230                                   | 103,134                          | 551,449           | 1,233                                    | \$3.30                                 |
| Sathorn                  | 630,138          | 124,452             | 19.75%               | -42,534                                  | -60,873                          | 0                 | 1,000                                    | \$2.67                                 |
| Khlong Toey              | 179,051          | 12,534              | 7.00%                | 35,335                                   | 49,014                           | 20,000            | 1,077                                    | \$2.88                                 |
| Wattana                  | 167,632          | 15,087              | 9.00%                | 0  | -5,472                           | 74,557            | 1,228                                    | \$3.28                                 |
| <b>GRADE A CBD TOTAL</b> | <b>1,878,750</b> | <b>207,602</b>      | <b>11.05%</b>        | <b>96,107</b>                            | <b>120,267</b>                   | <b>774,006</b>    | <b>1,146</b>                             | <b>\$3.06</b>                          |
| <b>BANGKOK TOTAL</b>     | <b>9,764,605</b> | <b>1,367,045</b>    | <b>14.00%</b>        | <b>98,935</b>                            | <b>-103,244</b>                  | <b>1,193,505</b>  | <b>934</b>                               | <b>\$2.50</b>                          |

\*Rental rates reflect full service asking

1 US\$/THB 34.744 as of 15<sup>th</sup> December 2022

## 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         |
| Pier 111              | CBD    | Central Bangkok | Platinum Group     | 38,000 | Q4 2022         |
| One City Centre (OCC) | CBD    | Central Bangkok | Raimon Land        | 61,000 | Q4 2022         |
| Punn Tower            | CBD    | Central East    | Dolsiri            | 21,000 | Q4 2022         |

## SIGNIFICANT PROJECTS UNDER CONSTRUCTION

| PROPERTY                      | MARKET            | SUBMARKET       | OWNER / DEVELOPER               | SQM     | COMPLETION DATE |
|-------------------------------|-------------------|-----------------|---------------------------------|---------|-----------------|
| TL4                           | CBD               | Central East    | Siam Future Development PLC     | 13,700  | Q1 2023         |
| Park Silom                    | CBD               | Central Bangkok | NYE and RGP Development         | 65,000  | Q1 2023         |
| WHA KW                        | CBD               | Central East    | WHA Corporation PLC             | 9,900   | Q2 2023         |
| The Unicorn                   | City Fringe Areas | Central North   | U City PLC                      | 20,174  | 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 EmSpheze                  | CBD               | Central East    | The Mall Group                  | 20,000  | Q4 2023         |
| Siam Pathumwan House          | CBD               | Central Bangkok | Siam Motor                      | 51,449  | Q4 2023         |
| Ratchayothin Hills            | Suburban Areas    | Inner North     | UHG                             | 19,000  | Q4 2023         |
| One Bangkok (Phase 1) Tower 3 | CBD               | Central Bangkok | TCC Assets and Frasers Property | 97,000  | Q1 2024         |
| The Forestias                 | Suburban Areas    | Inner South     | MQDC                            | 100,000 | Q1 2024         |
| Bangkok Mall                  | Suburban Areas    | Inner South     | The Mall Group                  | 100,000 | Q4 2024         |
| JRK Tower                     | City Fringe Areas | Central North   | J.R.K.                          | 10,000  | Q4 2024         |
| King Bridge Tower             | City Fringe Areas | Central South   | Saha Capital Tower              | 85,000  | Q4 2024         |
| JLK Tower                     | CBD               | Central East    | JLK Holdings                    | 30,957  | Q4 2024         |

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