

BANGKOK OFFICE

Office Q1 2023

CBD Grade A

YoY
Chg12-Mo.
Forecast**936**

Gross Rent (THB / SQM / MO)

**23%**

Vacancy Rate

**78,700 sqm**

New Completions (YTD)

THAILAND ECONOMIC INDICATORS
Q4 2022YoY
Chg12-Mo.
Forecast**1.4%**

GDP Growth

**5.81%**

Inflation Growth

**1.2%**

Unemployment Rate



Thailand's Quarterly Economic Growth Slow But Strong 2023 Expected

Thailand's economic growth slowed in the last quarter of 2022 to 1.4%, down from 4.5% in Q3. This stemmed from a decline in both manufacturing and export sectors. The country experienced 2.6% GDP growth in 2022, an increase of 1.1% compared with 2021. Growth projections for 2023 range from 2.7% to 3.7%, owing to a strong rebound in tourism and the opening up of the Chinese economy. Thailand will not be exempt from macroeconomic influences, with the export and manufacturing sectors facing challenges amid the global slowdown. However, the country continues to climb the value chain as business in skilled sectors grows domestically, and large regional corporations commit to Thailand. Headline inflation is expected to decrease from the highs of 2022 and average around 3.0% in 2023. Unemployment rates reduced marginally Q-o-Q at 1.20% in Q4.

New Office Supply Entered the Market, Leading to Increased Vacancy

Total Grade A office stock in the CBD area increased to 2.02 million sq m in the first quarter of 2023, owing to the completion of Park Silom and TL4 adding 65,000 sqm and 13,700 sqm of grade A supply, respectively. Average gross rental rates was at THB 936 per sq m per month. New incoming supply including projects such as WHA KW, and One Bangkok Phase 1, and The EmSphere are expected to complete in 2023. Rates are forecast to gradually stabilize in the upcoming quarters as Bangkok remains a tenant favorable market. The overall vacancy rate was at 23% in Q1 2023. The vacancy rate is expected to rise further as this new supply enters the market with pre-let commitments below pre-pandemic levels and firms continuing to reevaluate their workplace strategies.

Office Market Continue to be Competitive

The market's supply and demand characteristics will maintain the existing competitive landscape. Cushman & Wakefield has observed a growing trend among tenants to focus on quality. Assets built to higher specifications, in strong locations while providing a full range of tenant facilities are attracting interest among prospective tenants. Similarly, sustainability is rising in importance on a tenant's criteria list, with the presence of building certifications such as LEED and WELL moving from a "nice to have" to an essential requirement, especially among large multi-national corporations.

Completions Year to Date (2023)

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

Source: NESDC (National Economic and Social Development Council)

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