

BANGKOK OFFICE

Office Q3 2023

CUSHMAN &
WAKEFIELD

CBD Grade A

QoQ
Chg12-Mo.
Forecast

936

Gross Rent (THB/ SQM/MO)



23.2%

Vacancy Rate



88,600 sqm

New Completions (YTD)

THAILAND ECONOMIC INDICATORS
Q2 2023YoY
Chg12-Mo.
Forecast

1.8%

GDP Growth



1.14%

Inflation Growth



1.06%

Unemployment Rate

Source: NESDC (National Economic and Social
Development Council)

Thailand's Quarterly GDP Growth Softens From Previous Quarter

Thailand's economy expanded by 1.8% y-o-y in the second quarter of 2023, softening from 2.6% in the previous quarter. The economy was mainly driven by the acceleration of private consumption, despite a slowdown in private investment and services exports. As weak global demand crimps exports, Thailand's economy has been supported by its vital tourism sector and private consumption growth, with foreign tourist arrivals expected to reach 28 million for the full-year 2023. The unemployment rate rose slightly to 1.06% in Q2 2023, up from 1.05% in Q1. The inflation rate in Q2 2023 fell to 1.14%, down from 3.38% in Q1. The Central Bank raised the policy rate by 0.25 percentage point from 2.25 to 2.50% in September.

Growing Office Leasing Demand, Overall Vacancy Rate Declines

Total Grade A office stock in the CBD area remained unchanged in Q3 2023 at 2.03 million sq m, with no new supply entering in the period. Total new Grade A office space for the year to date in the CBD market was recorded at 88,600 sq m. Average gross rental rates remained stable at THB936 per sq m per month. The overall vacancy rate declined to 23.2% in Q2 2023, down from 24% in Q1.

Growth in Grade A office space leasing demand was primarily generated by tenant relocations from older office buildings to newer properties, as well as office activity from domestic and international companies. We also witnessed take-up of remaining unoccupied space at new and recent office completions, generating further new leases.

The Bangkok office leasing market remained tenant-favorable. Landlords of older buildings offered rent reductions and expanded incentives to retain existing tenants or attract new budget-aware tenants, in turn softening overall average market rents. Tenants continued to identify workplace optimization opportunities, seeking right-sized and high-quality office spaces to lease.

Large Supply Volume and Higher Vacancy to Drag on Rent Growth

A total of 685,406 sq m of new office space is currently under construction, with expected completions from 2023 to 2026. This will markedly raise the Bangkok office supply volume in a short period of time, in turn pushing up overall office vacancy levels. We can expect overall office vacancy to rise further, as an influx of new office buildings enters the market with low to moderate pre-let commitment levels. Rising vacancy will then exert downward pressure on rents over the coming quarters. The upcoming supply will prompt landlords to offer greater incentives as the market increasingly favors tenants.

The financial, electrical & electronics, and consumer goods sectors are anticipated to remain active within the Bangkok office market in the near-term. Occupier demand for office space in high quality buildings with LEED and WELL standards is expected to continue, as international tenants look to expand and upgrade their office space. The flight to quality theme will widen the gap between Grade A and lower grade office buildings as tenants are anticipated to continue moving into quality office spaces.

There is also growing pressure on landlords of existing buildings to keep their assets relevant to current market needs. Landlords of existing older buildings will maintain steady pricing policies to ensure tenant retention. Ongoing refurbishment programs of long-standing buildings remains evident, with landlords taking steps to keep assets relevant to market trends. Ahead, we can expect that the uncertain economic sentiment will soften overall tenant demand in office leasing activity.



MARKET STATISTICS

SUBMARKET	INVENTORY (SQM)	DIRECT VACANT (SQM)	OVERALL VACANCY RATE	UNDER CNSTR (SQM)	AVG GROSS RENTAL RENTS* (THB / SQM / MO)	AVG GROSS RENTAL RENTS* (US / SF / MO)
Bang Rak	171,130	42,783	25.0%	63,000	907	\$2.36
Khlong Toey	139,409	21,608	15.5%	20,000	1,000	\$2.60
Pathum Wan	872,630	203,198	23.3%	0	962	\$2.50
Sathorn	611,182	147,066	24.1%	551,449	835	\$2.17
Wattana	236,232	60,745	25.7%	50,957	975	\$2.53
GRADE A CBD TOTAL	2,030,583	471,520	23.2%	685,406	936	\$2.43

*Gross Rental Rents are after adjustments for any incentives
1 US\$/THB 35.744 as of 15th September 2023

GRADE A CBD OFFICE 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
WHA KW	CBD	Central East	WHA Corporation PLC	9,900	Q2 2023

GRADE A CBD OFFICE PROJECTS UNDER CONSTRUCTION

PROPERTY	MARKET	SUBMARKET	OWNER / DEVELOPER	SQM	COMPLETION DATE
The EmSphe	CBD	Central East	The Mall Group	20,000	Q4 2023
Siam Pathumwan House	CBD	Central Bangkok	Siam Motor	51,449	Q4 2023
One Bangkok (Phase 1) Tower 4	CBD	Central Bangkok	TCC Assets and Frasers Property	95,000	Q1 2024
One Bangkok (Phase 1) Tower 5	CBD	Central Bangkok	TCC Assets and Frasers Property	97,000	Q1 2024
One Bangkok (Phase 1) Tower 3	CBD	Central Bangkok	TCC Assets and Frasers Property	97,000	Q1 2024
JLK Tower	CBD	Central East	JLK Holdings	30,957	Q4 2024
Dusit Central Park	CBD	Central Bangkok	Dusit Thani	63,000	Q4 2024
One Bangkok (Phase 2) 2 Towers	CBD	Central Bangkok	TCC Assets and Frasers Property	211,000	Q4 2026
Tenth Avenue	CBD	Central East	Tenth Avenue	20,000	Q4 2026

SARAWUT TIKHACHON

Senior Market Analyst

Thailand

+66 8 5977 8987

sarawut.tik@cushwake.com

AUKIT PRONPATTANAPIROJ

Head of Office Leasing

Thailand

+66 8 057 16662

Aukit.pro@cushwake.com

GARETH MICHAEL POWELL

Senior Director & Country Head

Thailand

+66 2168 3101 (Ext. 110)

gareth.powell@cushwake.com

cushmanwakefield.com

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