

BANGKOK OFFICE

Office Q1 2024

CBD Grade A

936

Gross Rent (THB/ SQM/MO)

QoQ
Chg12-Mo.
Forecast
25.4%

Vacancy Rate

166,469 sqm

New Completions (YTD)

THAILAND ECONOMIC INDICATORS Q4 2023

1.7%

GDP Growth

YoY
Chg12-Mo.
Forecast
-0.53%

Inflation Growth

0.81%

Unemployment Rate

Thailand's Economic Expansion Continues

Thailand's economy expanded at 1.7% in Q4 2023, up from 1.4% in Q3 2023. The increase was mainly attributable to expansion in the tourism sector together with private consumption. Overall GDP growth for the full-year 2023 was 1.9%, decelerating from 2.5% in 2022. For 2024 the economy is now projected to expand in the range of 2.2% to 3.2%. The inflation rate in Q4 2023 contracted at 0.53%, down from 0.52% in Q3. The inflation rate for the full year 2023 was at 1.23%, down from 6.08% in 2022. The unemployment rate fell to 0.81% in Q4 2023, down from 0.99% recorded in Q3. The Thailand Central Bank maintained the key interest rate at 2.5% as of February 2024. The current interest rate is consistent with preserving macro-financial stability. The economy is growing slower than expected but will be supported by domestic demand. However, structural impediments, particularly deteriorating competitiveness, will hamper further growth.

Total Office Stock Expanded in Q1 2024, Overall Vacancy Rate Climbs

Total Grade A office stock in the CBD area expanded to 2.19 million sq m in Q1 2024, up from 2.03 million sq m in Q4 2023, an increase of 8.2%. The completion of three new office buildings added 166,449 sqm of Grade A supply in the CBD market, comprising Siam Pathumwan House (51,449 sq m), One Bangkok (Phase 1) Tower 4 (95,000 sq m), and The EmSphese (20,000 sq m). The overall vacancy rate climbed to 25.4% in Q1 2024, up from 22.8% in Q4 2023, with the volume of new supply combined with only moderate occupancy levels of leasable space.

Average gross rents remained unchanged at the rate of THB936 per sq m per month in Q1 2024. Rental levels are expected to stabilize in the upcoming quarters as the Bangkok office market remains tenant-favorable. New Grade A supply scheduled for the CBD market in Q2 2024 includes One Bangkok (Phase 1) Tower 3, and JLK Tower, together adding leasable office space of 127,957 sq m. The vacancy rate is expected to rise further as the new supply enters the market at low to moderate levels of pre-let commitments and with firms continuing to reevaluate their workplace strategies.

Coming Quarters to See Downward Pressure on Rental Levels

Future office supply data recorded by Cushman & Wakefield show that a new supply influx of approximately 958,528 sq m will enter the overall Bangkok market from 2024 to 2027. A total of 566,387 sq m, or nearly 60% of the new supply, will be in the CBD areas. Rising office inventory will increase overall vacancy rates and exert downwards pressure on office rental levels over the coming quarters.

Cushman & Wakefield has seen growing leasing requirements for high quality office buildings with sustainable and smart building facilities with certifications such as LEED and WELL. These are becoming an essential requirement, especially for large MNCs. We also expect to see tenant relocations from older office properties to newer office buildings across all grades and submarkets in Bangkok, with tenants seeking higher-quality properties with superior facilities and amenities.

Looking ahead, given the high volume of new office supply set to enter the market in the coming years, the risk of office obsolescence, or a need to reposition office assets, is rising. Older office buildings will require attention to gain sustainability accreditations. Competitive pressure will be sustained on aging office assets, and landlords should consider appropriate action as a matter of urgency.

The Bangkok office leasing market is set to remain highly competitive as it continues to be tenant-favor market. The new space and high vacancy will continue to exert pressure on landlords. We expect that Grade A office rental levels will remain unchanged, while rents at lesser building grades in some submarkets, and especially older properties, can be expected to fall.

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	38,076	22.3%	78,430	906	\$2.32
Khlong Toey	159,409	23,114	14.5%	0	1,000	\$2.56
Pathum Wan	1,019,079	286,565	28.1%	405,000	962	\$2.47
Sathorn	611,182	140,877	23.1%	0	835	\$2.14
Wattana	236,232	64,120	27.1%	82,957	975	\$2.50
GRADE A CBD TOTAL	2,197,032	558,266	25.4%	566,387	936	\$2.40

*Gross Rental Rents are after adjustments for any incentives

1 US\$/THB 36.2322 as of 20th March 2024

GRADE A CBD OFFICE COMPLETIONS YEAR TO DATE (2024)

PROPERTY	MARKET	SUBMARKET	OWNER / DEVELOPER	SQM	COMPLETION DATE
Siam Pathumwan House	CBD	Central Bangkok	Siam Motor	51,449	Q1 2024
One Bangkok (Phase 1) Tower 4	CBD	Central Bangkok	TCC Assets and Frasers Property	95,000	Q1 2024
The EmSphease	CBD	Central Bangkok	Central East	20,000	Q1 2024

GRADE A CBD OFFICE PROJECTS UNDER CONSTRUCTION

PROPERTY	MARKET	SUBMARKET	OWNER / DEVELOPER	SQM	COMPLETION DATE
JLK Tower	CBD	Central East	JLK Holdings	30,957	Q2 2024
One Bangkok (Phase 1) Tower 3	CBD	Central Bangkok	TCC Assets and Frasers Property	97,000	Q2 2024
One Bangkok (Phase 1) Tower 5	CBD	Central Bangkok	TCC Assets and Frasers Property	97,000	Q4 2024
Dusit Central Park	CBD	Central Bangkok	Dusit Thani	63,000	Q4 2024
APAC Tower	CBD	Central East	APAC Land	32,000	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
Boonmitr Silom	CBD	Central Bangkok	Laem Thong Enterprise	15,430	Q1 2027

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 2 168 3101 (Ext. 110)

gareth.powell@cushwake.com

cushmanwakefield.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

About Cushman & Wakefield

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in nearly 400 offices and 60 countries. In 2023, the firm reported revenue of \$9.5 billion across its core services of property, facilities and project management, leasing, capital markets, and valuation and other services. It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), sustainability and more. For additional information, visit www.cushmanwakefield.com.

©2024 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable, including reports commissioned by Cushman & Wakefield ("CWK"). This report is for informational purposes only and may contain errors or omissions; the report is presented without any warranty or representations as to its accuracy.

Nothing in this report should be construed as an indicator of the future performance of CWK's securities. You should not purchase or sell securities—of CWK or any other company—based on the views herein. CWK disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CWK as well as against CWK's affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.