

# BANGKOK OFFICE

Office Q2 2024

## CBD Grade A

**936**

Gross Rent (THB/SQM/MO)

QoQ  
Chg12-Mo.  
Forecast
**26.3%**

Vacancy Rate


**127,957 sqm**

New Completions (YTD)



### Thailand's Quarterly GDP Growth Softens From Previous Quarter

Thailand's economy in Q1 2024 expanded by 1.5%, slowing from 1.7% in the previous quarter. Growth in this quarter was driven by exports, private consumption and investment, but public investment and government expenditure contracted. The government expects GDP growth of between 2.0% and 3.0% for 2024. Last year's growth was 1.9%. The Thai economy in 2024 will grow faster than in 2023, driven by private consumption, tourism, and public spending. The inflation rate in Q1 2024 contracted at 0.79% y-o-y, down from -0.53% y-o-y in Q4 2023. The Central Bank has forecast its inflation target range of 1% to 3% for 2024. The Thailand Central Bank maintained the key interest rate at 2.5% as of April 2024. The unemployment rate increased to 1.01% in Q1 2024, up from 0.81% recorded in Q4 2023.

### Total Office Stock Expanded in Q2 2024, Overall Vacancy Rate Increased

Total Grade A office stock in the CBD area increased to 2.32 million sq m in Q2 2024, up from 2.19 million sq m in Q1 2024, an increase of 5.8%. The completion of two new office buildings added 127,957 sqm of Grade A supply in the CBD market, comprising JLK Tower (30,957 sq m), and One Bangkok (Phase 1) Tower 3 (97,000 sq m). The overall vacancy rate increased to 26.3% in Q2 2024, up from 25.4% in Q1 2024, due largely to the volume of new office supply added to the market combined with moderate occupancy levels of leasable space at the new entrants.

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. There will be no new office supply entering the Bangkok Grade A office in the CBD area in Q3 2024. The vacancy rate is expected to decrease as the current stock will be occupied continuously. New Grade A supply scheduled for the CBD market in Q4 2024 includes One Bangkok (Phase 1) Tower 5, and APAC Tower, together adding leasable office space of 129,000 sq m.

## THAILAND ECONOMIC INDICATORS Q1 2024

**1.5%**

GDP Growth

YoY  
Chg12-Mo.  
Forecast
**-0.79%**

Inflation Growth


**1.01%**

Unemployment Rate



### Active Office Leasing Activity, Strong Competition Between Landlords

The competition between office landlords is expected to intensify as the Bangkok office leasing market continues to be tenant-favor market. The new office space and high vacancy will continue to exert pressure on landlords. Most Grade A office buildings are targeting international sustainable and smart building certifications (LEED), and human health and wellbeing (WELL). Office landlords may consider to obtain digital connectivity and smart technology as essential components in attracting tenants. These new office buildings will provide superior facilities and amenities which attract both tenants and visitors to the office buildings.

A high volume of under-construction office buildings of approximately 754,577 sq m will enter the overall Bangkok market from Q3 2024 to Q4 2027. A total of 438,430 sq m, or 58% of the new supply, will be in the CBD areas. The tenants' market will continue to strengthen. Tenants will still have strong negotiation power for rents and terms as landlords look for increasing occupancy levels over rents, given the relatively large supply pipeline, especially during the upcoming three years. Rising office inventory will increase overall vacancy rates and exert downwards pressure on office rental levels over the coming quarters. We expect that Grade A office rental levels will remain stable, while rents at lesser building grades in some submarkets, and especially older properties, can be expected to fall.

Cushman & Wakefield has seen growing trends for flight to quality relocations from older office properties to newer office buildings across all grades and submarkets in Bangkok, with tenants seeking higher-quality workplaces. Many older office buildings will no longer be suitable for modern workplaces and tenant attraction. Companies with large space requirements will be provided favorable incentive from landlords to move into their properties. Some aging and unrenovated buildings will find it very difficult to fill vacant space once long-term tenants relocate.

## 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                                      | \$2.28                                 |
| Khlong Toey              | 159,409          | 23,114              | 14.5%                | 0                 | 1,000                                    | \$2.52                                 |
| Pathum Wan               | 1,116,079        | 313,841             | 28.1%                | 308,000           | 962                                      | \$2.42                                 |
| Sathorn                  | 611,182          | 140,877             | 23.1%                | 0                 | 835                                      | \$2.10                                 |
| Wattana                  | 267,189          | 86,836              | 32.5%                | 52,000            | 966                                      | \$2.43                                 |
| <b>GRADE A CBD TOTAL</b> | <b>2,324,989</b> | <b>611,107</b>      | <b>26.3%</b>         | <b>438,430</b>    | <b>936</b>                               | <b>\$2.36</b>                          |

\*Gross Rental Rents are after adjustments for any incentives  
1 US\$/THB 36.9149 as of 24<sup>th</sup> June 2024

## GRADE A CBD OFFICE COMPLETIONS YEAR TO DATE (2024)

| 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         |

## GRADE A CBD OFFICE PROJECTS UNDER CONSTRUCTION

| PROPERTY                       | MARKET | SUBMARKET       | OWNER / DEVELOPER               | SQM     | COMPLETION DATE |
|--------------------------------|--------|-----------------|---------------------------------|---------|-----------------|
| One Bangkok (Phase 1) Tower 5  | CBD    | Central Bangkok | TCC Assets and Frasers Property | 97,000  | Q4 2024         |
| APAC Tower                     | CBD    | Central East    | APAC Land                       | 32,000  | Q4 2024         |
| Dusit Central Park             | CBD    | Central Bangkok | Dusit Thani                     | 63,000  | Q2 2025         |
| 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         |

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