

2Q20 BANGKOK OFFICE SNAPSHOT

MARKET OVERVIEW

BANGKOK OFFICE MARKET

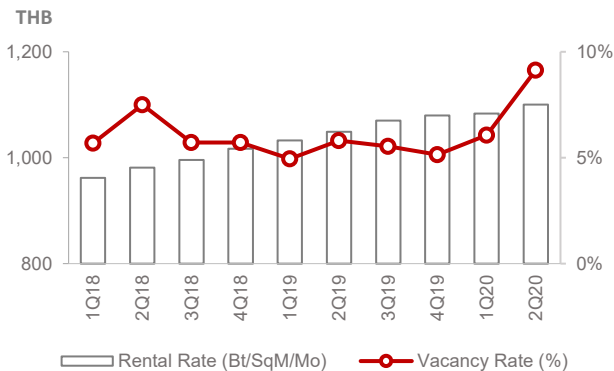
	Q4 19	Q1 20	12-Month Forecast
GDP Growth	1.6%	-1.8%	▼
CPI Growth	0.4%	0.4%	■
Unemployment	1.0%	1.0%	■

Source: NESDB

Grade A CBD Market Indicators

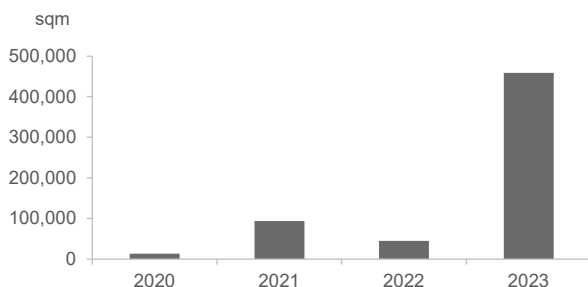
	Q1 20	Q2 20	12-Month Forecast
Overall Rent	THB1,083	THB1,100	▲
Vacancy Rate	6.07%	9.13%	▲

Overall Rent and Vacancy Rate Grade A in CBD



Source: Nexus

Grade A CBD Supply Pipeline



Source: Nexus

Economy

According to the National Economic and Social Development Council (NESDC), the Thai Economy, in the first quarter of 2020, contracted by 1.8% compared with 1.5% expansion in the previous quarter. After seasonal adjustments, the economy declined by 2.2 % from the fourth quarter of last year (%QoQ sa).

In 2020, the Thai economy is expected to show a contraction in the range of (-6.0) - (-5.0)%, due to the severe downturn of the global economy and merchandise trade, the sharp decline in number and revenues from foreign tourists, the limitations due to the COVID-19 outbreak in Thailand, and the drought. Meanwhile, the headline inflation is expected to be in the range of (-1.5) - (-0.5)%, and the current account tends to register a surplus of 4.9% of GDP.

Market Overview

With the total supply of approximately 6.12 million square meters, Bangkok's overall office market remains stable with low vacancy rates at 6.6%. The average rental rate stood at THB805 sqm/mo, which increased 3.9% y-o-y, while the average rental rate in CBD rose 3.5% y-o-y, recorded at THB883 sqm/mo (Grade A; THB1,100 sqm/mo, Grade B; THB 740 sqm/mo). Altogether with the other BDs, the rents also increased 4.4% y-o-y (Grade A; THB877 sqm/mo, Grade B; THB635 sqm/mo).

The vacancy rate in some areas are rising particularly for Grade A buildings in CBD area. The vacancy rate in those areas rose to 9.1%, up from 6.1% last quarter, and it is the highest rate since 2013.

Outlook

The office market has been impacted by coronavirus, especially during the lockdown period. Even though the average vacancy rate in Bangkok is still low, we are seeing a higher vacancy rate in most areas and lower absorption rate of the new supply. Recently, most of the tenants delayed signing the new lease agreement and/or are reconsidering downsizing their space. Most of the employees have been forced to work remotely at home during the lockdown period until now. This enforcement may change a 'need of workspace'. And due to a slowing down of the global economy, some companies might consider to reassess its headcount. Moreover, co-working spaces have been playing an important role in the last couple of years. Many of them took huge spaces, especially in Grade A buildings in the CBD area. A slowdown trend in co-working spaces due to COVID-19 will surely affect many new upcoming buildings in the near future.

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SUBMARKET	INVENTORY (SQM)	VACANCY RATE	UNDER CONSTRUCTION (SQM)	GRADE A ASKING RENT		
				THB/SQM /MO	US\$/SF /MO	EUR/SQM /MO
GRADE A CBD						
Ploenchit - Rama I	317,300	3.87%	99,200	1,220	\$3.65	€ 35.14
Wireless - Lang Suan	269,300	8.81%	24,500	1,150	\$3.44	€ 33.16
Early Sukhumvit	80,000	1.90%	46,000	1,375	\$4.12	€ 39.65
Silom	73,500	7.17%	56,700	875	\$2.62	€ 25.23
Sathorn	472,200	10.21%	42,500	935	\$2.80	€ 26.96
Rama IV	334,800	16.44%	590,000	1,105	\$3.31	€ 31.91
Asoke - Ratchada	80,300	3.26%	-	950	\$2.85	€ 27.39
BANGKOK GRADE A CBD TOTAL	1,627,400	9.13%	858,900	1,100	\$3.30	€ 31.74
BANGKOK ALL GRADE CBD TOTAL	3,124,700	7.11%	948,900	883	\$2.65	€ 25.46
ALL GRADES OUTER CBD						
Ratchada – Rama IX	718,000	6.08%	36,180	730	\$2.18	€ 21.03
New Petchaburi - Pathunam	376,900	5.31%	43,000	656	\$1.97	€ 18.92
Phayathai - Paholyothin	372,660	7.66%	84,000	900	\$2.26	€ 21.71
Chatuchak - Ratchayothin	754,580	3.75%	72,000	708	\$2.05	€ 19.69
Mid - Sukhumvit	235,320	5.09%	90,900	950	\$2.85	€ 27.39
Onnut - Bangna	269,810	6.70%	150,500	575	\$1.72	€ 16.57
Rama III - Narathiwas	239,060	17.05%	10,000	595	\$1.78	€ 17.16
OUTER CBD TOTAL	2,997,930	5.97%	486,580	727	\$2.18	€ 20.95
BANGKOK TOTALS	6,122,640	6.55%	1,435,480	805	\$2.41	€ 23.21

US\$/THB= 31.026; €/THB = 34.6818

Significant Projects Under Construction

PROPERTY	ZONE	SUBMARKET	SQM	COMPLETION DATE
Major Tower Rama 9	Outer CBD	Ratchada – Rama IX	25,200	2020
RASA TWO	Outer CBD	New Petchaburi - Pathunam	43,000	2020
Siam Scape	CBD	Ploenchit - Rama I	13,000	2020
The Unicorn Phayathai	Outer CBD	Phayathai - Paholyothin	22,000	2021
66 Tower	Outer CBD	Onnut - Bangna	29,000	2021
Kronos Sathorn Tower	CBD	Sathorn	22,500	2021
One Bangkok – 1 st Phase	CBD	Rama IV	201,000	2022
One City Centre	CBD	Ploenchit - Rama I	61,000	2023



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