

3Q20 BANGKOK OFFICE SNAPSHOT

MARKET OVERVIEW

BANGKOK OFFICE MARKET

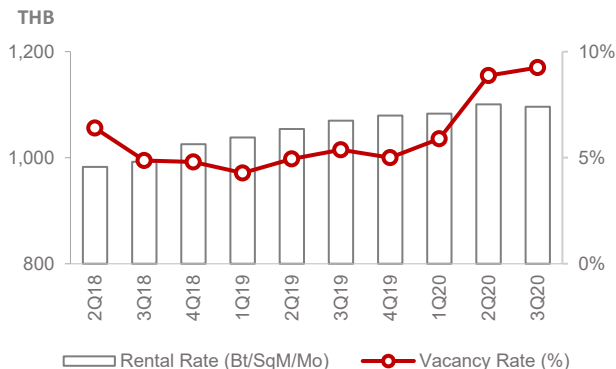
	Q1 20	Q2 20	12-Month Forecast
GDP Growth	-1.8%	-12.2%	▲
CPI Growth	0.4%	-2.7%	■
Unemployment	1.0%	2.0%	■

Source: NESDB

Grade A CBD Market Indicators

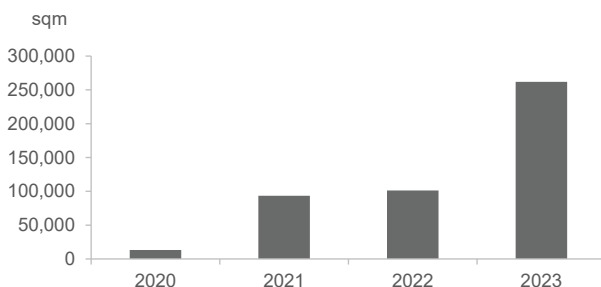
	Q1 20	Q2 20	12-Month Forecast
Overall Rent	THB1,100	THB1,096	▲
Vacancy Rate	9.13%	9.25%	▲

Overall Rent and Vacancy Rate Grade A in CBD



Source: Nexus Research Advisory

Grade A CBD Supply Pipeline



Source: Nexus Research Advisory

Economy

According to the National Economic and Social Development Council (NESDC), Thai Economy in the second quarter of 2020 declined by 12.2% compared with 2% contraction in the previous quarter. After seasonally adjusted, the economy dropped by 9.7% from the first quarter. In the first half of 2020, the Thai economy contracted by 6.9%.

The Thai economy in 2020 is expected to show a contraction in the range of (-7.8) - (-7.3)%, revised down from the range of (-6.0) - (-5.0)% in the previous projection (as of May 18th, 2020). The headline inflation is expected to be in a range of (-1.2) - (-0.7), and the current account tends to register a surplus of 2.5% of GDP.

Market Overview

With Bangkok's total office supply at approximately 6.17 million sq m square meters (sqm), the overall vacancy rate remains low at 7.5%. Overall average monthly rent dipped 0.6% q-o-q, from THB810 per sq m to THB805 per sq m. Average Grade A rent was at THB 992 per sq m per month and Grade B at THB685. Even though the drop has been marginal, it does mark the first time in a decade that landlords have been obliged to reduce rents, due to the economic disruption from COVID-19.

In the CBD area, total Grade A stock was at 1.68 million sqm. The vacancy rate remained similar to Q2 at 9.3% Average monthly CBD Grade A asking rent slightly dropped 0.4% q-o-q from THB1,100 per sq m to THB1,096 per sq m. Average CBD overall rent was at THB876 per sq m and Grade B at THB 734 per sq m.

Outlook

Even though most businesses have now resumed operations, the economic effects from the pandemic have been huge. Firms have looked to cut costs, including on rents. Some tenants have downgraded or downsized premises, while others have postponed relocations or expansions since Q2. A large volume of new supply is also still in the pipeline. Almost 600,000 sq m of Grade A space in the CBD area is under construction and scheduled to be completed within the next three years. A global economic slowdown coupled with an influx of new supply shaping the office market into the longer term will challenge landlords, with the office market having been a landlord-favorable one for the past 10 years.

3Q20 BANGKOK OFFICE SNAPSHOT

SUBMARKET	INVENTORY (SQM)	VACANCY RATE	UNDER CONSTRUCTION (SQM)	ASKING RENT		
				THB/SQM /MO	US\$/SF /MO	EUR/SQM /MO
GRADE A CBD						
Ploenchit - Rama I	310,400	4.14%	99,200	1,186	\$3.54	€ 32.18
Wireless - Lang Suan	269,300	9.73%	24,500	1,150	\$3.43	€ 31.22
Early Sukhumvit	79,200	4.66%	46,000	1,375	\$4.10	€ 37.32
Silom	73,500	8.46%	56,700	865	\$2.58	€ 23.48
Sathorn	472,300	9.36%	42,500	952	\$2.84	€ 25.83
Rama IV	390,600	15.40%	291,000	1,107	\$3.30	€ 30.04
Asoke - Ratchada	80,300	1.98%	-	950	\$2.84	€ 25.79
BANGKOK GRADE A CBD TOTAL	1,675,500	9.25%	559,900	1,096	\$3.27	€ 29.76
BANGKOK ALL GRADE CBD TOTAL	3,189,500	7.75%	570,900	876	\$2.61	€ 23.78
ALL GRADES OUTER CBD						
Ratchada – Rama IX	718,000	6.15%	36,200	732	\$2.19	€ 19.88
New Petchaburi - Pathunam	376,900	6.85%	82,000	656	\$1.96	€ 17.81
Phayathai - Paholyothin	372,700	3.39%	135,600	755	\$2.25	€ 20.49
Chatuchak - Ratchayothin	754,600	3.90%	78,300	683	\$2.04	€ 18.54
Mid - Sukhumvit	235,300	7.10%	99,900	951	\$2.84	€ 25.81
Onnut - Bangna	269,800	9.94%	208,400	650	\$1.94	€ 17.64
Rama III - Narathiwas	224,000	12.73%	90,000	584	\$1.74	€ 15.85
OUTER CBD TOTAL	2,982,900	7.23%	730,400	734	\$2.19	€ 19.93
BANGKOK TOTALS	6,172,400	7.50%	1,301,300	805	\$2.40	€ 21.85

US\$/THB= 31.134; €/THB = 36.840

Significant Projects Under Construction

PROPERTY	ZONE	SUBMARKET	SQM	COMPLETION DATE
Major Tower Rama 9	Outer CBD	Ratchada – Rama IX	25,200	2020
WHA Building	Outer CBD	Onnut - Bangna	25,000	2020
Siam Scape	CBD	Ploenchit - Rama I	13,000	2020
RASA TWO	Outer CBD	New Petchaburi - Pathunam	43,000	2021
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
Park Silom	CBD	Silom	56,700	2022
One Bangkok – 1 st Phase	CBD	Rama IV	201,000	2023
One City Centre	CBD	Ploenchit - Rama I	61,000	2023



TEERAWIT LIMTHONGSAKUL
Managing Director
Tel: +662 286 8899
E-mail: teerawit@nexus.co.th

Nexus Real Estate Advisory Co., Ltd.
31st Fl., BKK Building/ Y.W.C.A. 25
South Sathorn Road, Thungmahamek,
Sathorn, BKK 10120, Thailand

NEXUS.CO.TH