

Bangkok Office Market

Surachet Kongcheep
 Associate Director | Thailand

“Occupancy and rental rates continuously grow.”

Forecast at a glance



Demand

Demand continued to show improvements during 2016. This trend is expected to continue in 2017 and in the future.



Supply

Supply remains limited due to the lack of new supply entering the market.



Occupancy rate

Occupancy rates in the key locations within Bangkok are above 90%, with Grade A buildings in close proximity to mass transit systems enjoying the greatest occupancy

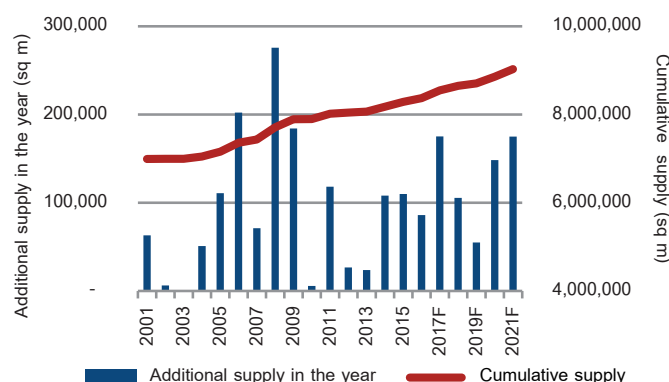


Rental rates

Rental rates have been driven upwards over the past 12 months, and this trend is expected to continue. Many Grade A buildings were asking more than THB1,000 per sq m per month.

Supply

Cumulative and future supply as of 1Q 2017



Source: Colliers International Thailand Research

The existing office supply in Bangkok is approximately 8,456,400 sq m. and nearly 100,000 sq m also scheduled to be completed in the rest of 2017. Most of future office building which are under construction are developing on the long leased land plots in Bangkok CBD area. This was due to high land price for freehold land in Bangkok and not suitable for office building development.

Some developers were launched their new mixed-use projects including office building in their project. Particularly, leased land plots in Bangkok CBD area, some of them are comprised with office building, hotel, residential and retail in one project.

The majority of these new mixed-use development projects are examples include:

- Singha Complex is developing by Singha Estate which is close to Petchaburi MRT station at the junction of Ratchadapisek and Petchaburi Road, comprises with retail, office space and condominium.

- Whizdom 101 which is developed by Magnolias Quality Development Corporation. Located on Sukhumvit Road close to Punnawithi BTS station. This project comprises with condominium, retail and office space.

- Dusit Thani and Central Group were joint-venture to developed new mixed-use project on the existing Dusit Thani Hotel at the junction of Silom and Rama Roads. This mixed-use project will comprise with hotel, retail and office space.

- Samyan Mitrtown as a one of three mixed use projects on Rama 4 Road as developing by TCC Group. This project is comprises with retail condominium for long leased and serviced apartment.

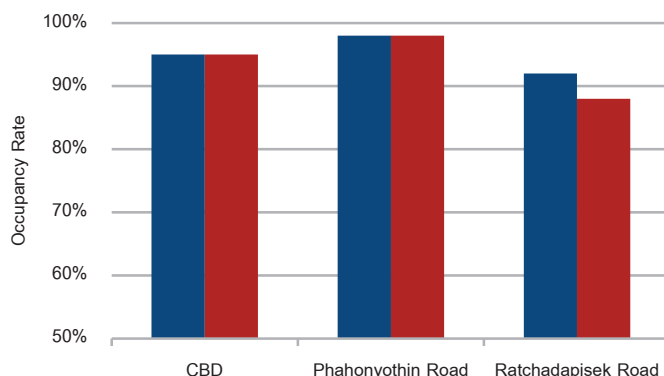
- One Bangkok the largest mixed-use project in Thailand on Rama 4 Road by TCC Asset and Fraser Centrepoint Limited are also had 5 office buildings with total around 500,000 sq m in the project and expected to be completed the whole project in 2025.

Some mixed-use projects ion above lists are located in Bangkok CBD area and may be adding new office space in the market more than 650,000 sq m when all are complete in the future.

More than 50,000 sq m of new office space was scheduled to be completed in 2017 onwards and higher than 150,000 sq m in some years. Mostly of new office buildings which are expected to be completed in the future are located in Bangkok CBD area followed by the area along Phahonyothin and Ratchadapisek Roads.

Demand

Occupancy rate as of 1Q 2017



Source: Colliers International Thailand Research

Thailand economic situation is continuing to grow and better than the past few years as well as political overview also most stability compared to the past many years. Many Thai and foreign companies also looking for opened their new office in Thailand, especially in Bangkok. Therefore the average occupancy rate for office market in Bangkok has shown the highest in the past few years. Although many new office buildings were completed during the past 2 – 3 years, but most of them were almost 100% occupied before their official completion.

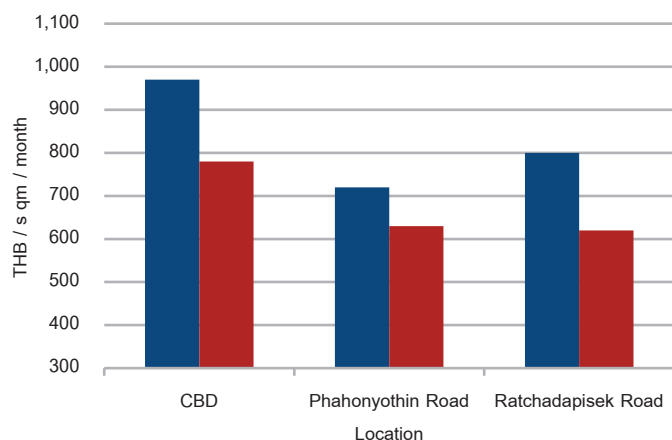
Most office buildings in CBD area and some locations along the sky train and subway lines are most popular, average occupancy rate in those area are higher than 90%, especially Grade A buildings.

Many multinational companies were opened new office or moved to outside CBD area, due to they are cannot find the large space in Grade A buildings in CBD area. While some new Grade A buildings were completed in other locations outside CBD area.

The average occupancy rates in Bangkok office market will continue to grow in 2017 and probably increased 3 - 5% in 2017 compared to 2016.

Rental Rate

Average rental rate by location as of 1Q 2017



Source: Colliers International Thailand Research

The asking rents are expected to continue to increase throughout 2017, assuming the government is still continuing to promote Thailand as a base for ASEAN and try to attract more foreign investors. While, Thailand economic situation is also better than the past few years and in the growing trends.

Average rental rate of some Grade A office buildings in Bangkok CBD area was higher than THB1,000 per sq m per month. Some Grade A building increased their rents more than 10% per year, due to very limited available office space in their building.

FOR MORE INFORMATION:

Hathairat Yoorod

Senior Manager | Agency | Office & Retail Services
+66 85 902 7463
hathairat.yoorod@colliers.com

Surachet Kongcheep

Associate Director | Research | Thailand
+66 86 014 2828
surachet.kongcheep@colliers.com

Copyright © 2017 Colliers International.

The information contained herein has been obtained from sources deemed reliable. While every reasonable effort has been made to ensure its accuracy, we cannot guarantee it. No responsibility is assumed for any inaccuracies. Readers are encouraged to consult their professional advisors prior to acting on any of the material contained in this report.

