

“The vacancy rate was lowest, while rental rates were the highest in the past many years and continue to grow.”

MARKET INDICATORS 1Q - 2Q 2015

Demand ▲ Supply ▲ Occupancy ▲ Rent ▲

Summary

Demand continued to show improvement from 2014. This trend is expected to continue as long as the political situation remains stable. No significant negative change was noted in the global economy, and the Thai baht was lower than last year.

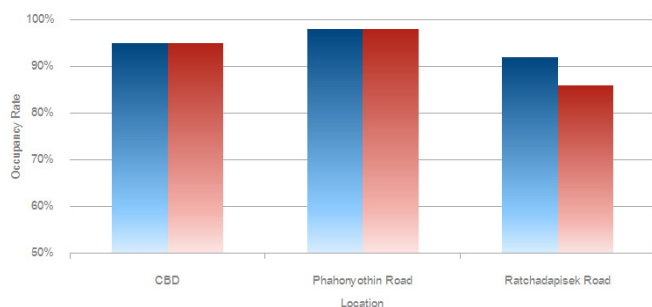
Supply remains limited due to the lack of new supply entering the market. Large space occupiers have limited relocation options available to them. New developments that are expected to be completed in 2H 2015 and 2016 total approximately 207,700 sq m. The majority of this space is outside of the traditional CBD area.

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. Lower-quality buildings located in areas not currently served by mass transit systems are not in any great demand

Rental rates have been driven upwards over the past 12 months, and this trend is expected to continue. Rental rates of some Grade A buildings outside the traditional CBD area are getting higher than in the past few years.

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Occupancy Rates as of 2Q 2015

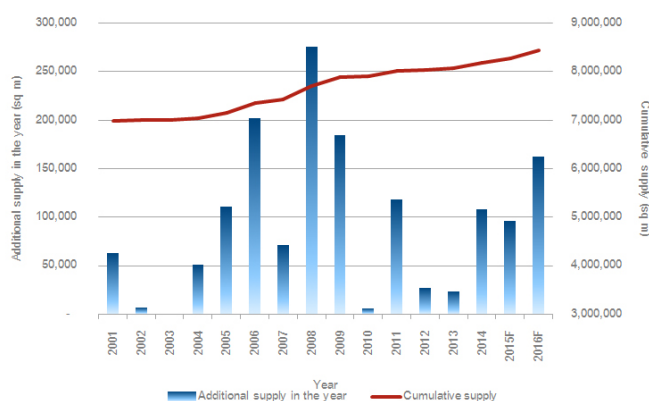


Source: Colliers International Thailand Research

The office market in Bangkok has shown the highest occupancy rate in the past years after much demand from multinational and Thai companies. Most office buildings along the three main roads in Bangkok are almost 100% occupied, especially Grade A office buildings.

More than 80,000 sq m was newly occupied in 1H 2015 and probably a similar area will be occupied in 2H. With demand showing signs of continuous improvement and the lack of any significant supply, it is expected that occupancy rates will remain at their high levels throughout 2015.

Cumulative and Future Supply as of 2Q 2015



Source: Colliers International Thailand Research

Note: The average take-up rate of all condominium units that were newly launched in 2Q 2015 only.

The total office supply is approximately 8.26 million sq m, with a further 172,700 sq m expected to be completed in 2H 2015 and 2016. In addition, some office buildings with more than 110,000 sq m are also under construction for owner use.

The majority of these new developments are not within the traditional CBD zone, but all are located along the mass transit lines.

Examples include:

- Major Tower by Major Development Plc. is on Thong Lor 10. Major plans to use it as their head office and rent some space to other tenants.

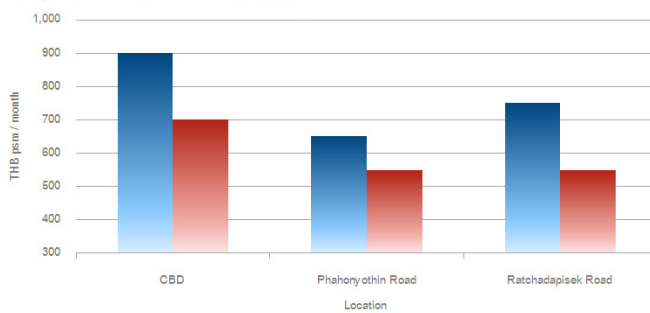
- Bhiraj Tower @ BITEC, is close to Bang Na BTS station and is part of the Bangkok International Trade & Exhibition Centre or BITEC;
- FYI Centeris connected to KlongToey MRT station and will include retail and hotel facilities supporting the two office towers; and
- G Land Tower is connected to Rama 9 MRT and is part of the G Land complex, including retail, residential and hotel facilities.

The areas outside the traditional CBD areas are becoming the new locations for office development such as around Ratchadapisek and Rama 9 Roads, and along Sukhumvit and Phahonyothin Roads. The soaring land prices in the traditional CBD area is the major factor directly impacting office building development, as the high land prices make it unsuitable.

Some leasehold plots of land in the traditional CBD area that were owned by property developers are planned to be developed with office buildings, but recently there has been no movement.

Rental Rates

Average Rental Rate by Location as of 2Q 2015



Source: Colliers International Thailand Research

Asking rents are expected to continue to increase throughout 2015, although Thailand's economy is not recovering and is lower than government expectations, but there is limited available supply and new office supply in the pipeline.

The average rental rate of Grade A buildings in the CBD area is around THB900 psm / month, which is still lower than in other capital cities in the ASEAN. However, some new buildings in the Bangkok CBD ask THB900 - 1,200 psm / month. The average vacancy rate reached the highest levels, but the rental rate is still not high compared to the growth of the occupancy rate.

In addition, approximately 56% of the total office space in Bangkok comprises Grade B buildings and offer lower rental rates in the same locations as Grade A buildings. New Grade A office buildings outside the CBD area are more interesting than Grade A buildings in the CBD area due to the lower rental rate and locations that are adjacent to existing mass transit facilities.

Forecast

The average rental rate will continue to steadily increase in 2015 because of limited existing and future supply scheduled to be completed in 2015 - 2016. Meanwhile, demand still continues to grow.

The areas along Ratchadapisek and Phahonyothin Roads are the most interesting locations for office development due to lower land prices and easy access to the adjacent BTS and MRT routes.

Many virtual office and serviced office companies are looking to expand their space in all existing office buildings and all new office buildings, and they will keep looking to expand in the future.

Some property developers will probably become the main players in the office building market after occupying many leasehold plots of land in Bangkok, such as on Rama 4 and Phayathai Roads.

502 offices in 67 countries on 6 continents

United States: **140**

Canada: **31**

Latin America: **24**

Asia Pacific: **199**

EMEA: **108**

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\$2.3

billion in
annual revenue

1.7

billion square feet
under management

16,300

professionals
and staff

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