

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

MARKET INDICATORS 2Q - 3Q 2015

Demand Supply Occupancy Rent

Summary

Demand continued to show improvement from 2014, due to limited available office space. AEC is another main factor that boosts demand.

Supply remains limited due to the lack of new supply entering the market. Large space occupiers have limited relocation options available to them. Most new office buildings that are under construction are located outside the CBD area.

Occupancy rates in key locations in 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 great demand.

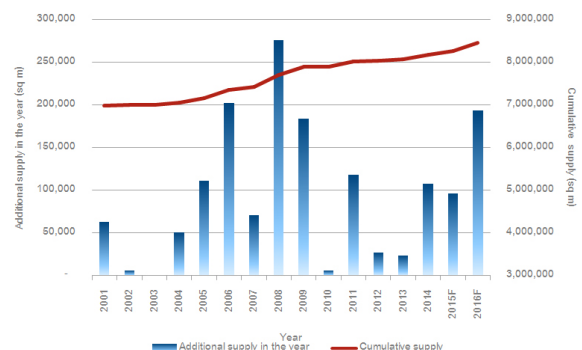
Rental rates have been driven upwards over the past two to three years, and this trend is expected to continue in 2015 and the future. Rental rates of some Grade A buildings outside the traditional CBD area are getting higher than in the past few years.

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More than 120,000 sqm was newly occupied in the past three quarters of 2015. With demand showing signs of continuous improvement and the lack of any significant supply, it is expected that occupancy rates will remain at these high levels throughout 2015.

New office buildings outside the CBD area are becoming more popular and fully or almost 100% occupied within a few months of the official opening for reservations, due to modern facilities, lower rents and proximity to mass transit systems.

Cumulative and Future Supply as of 3Q 2015



Source: Colliers International Thailand Research

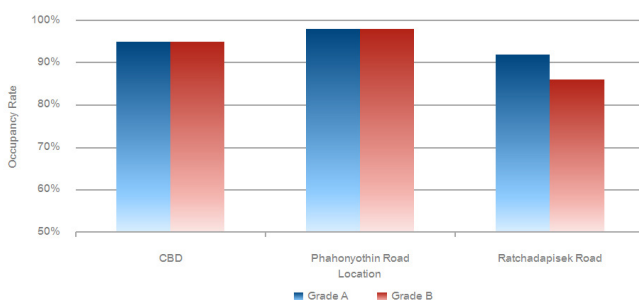
Note: F= Estimated area of all office buildings expected to be completed in 2015 - 2016.

The total office supply is approximately 8.26 million sqm, with a further 193,700 sqm expected to be completed in 4Q 2015 and 2016. In addition, some office buildings with more than 110,000 sqm 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.



Source: Colliers International Thailand Research

The office market in Bangkok has shown the highest occupancy rate in 2015 after much demand from multinational and Thai companies. Most office buildings in the CBD area and the area along Phahonyothin and Ratchadapisek Roads are almost 100% occupied, especially Grade A office buildings.

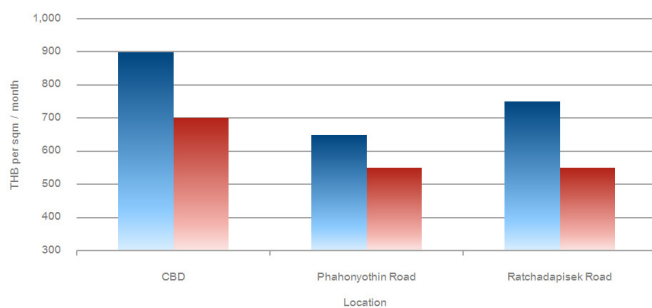
- FYI Center is connected to KlongToey MRT station and will include retail and hotel facilities supporting the two officetowers.
- G Land Tower is connected to Rama 9 MRT and is part of the G Land complex, including retail, residential and hotel facilities.

The areas outside the traditional CBD are becoming the new locations for office development, such as around the intersection of Ratchadapisek and Rama 9 Roads, and the area along Sukhumvit Phayathai 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 for development with office buildings, but recently there has been no movement.

Some developers launched new office building projects in the main provinces around Thailand, but only with 5,000 - 6,000 sqm per building and most space is for their subsidiary companies.

Rental Rates

Average Rental Rate by Location as of 3Q 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 very limited new office buildings in the pipeline.

The average rental rate of Grade A buildings in the CBD area is around THB900 per sqm / month, which is still lower than in other capital cities in ASEAN. However, some new buildings in the Bangkok CBD ask THB900 - 1,300 per sqm / month. The average occupancy 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 also adjacent to existing mass transit facilities.

Forecast

The average occupancy rate and rental rate will continue to steadily increase in 2015 because of limited existing and future supply scheduled to be completed in 4Q 2015 - 2016. Meanwhile, demand still continues to grow.

The areas along Ratchadapisek Phayathai 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.

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.

Multinational companies are still interested in Thailand and are looking to find office space in Bangkok, especially in the CBD area or in locations along the mass transit systems.

502 offices in 67 countries on 6 continents

United States: **140**

Canada: **31**

Latin America: **24**

Asia Pacific: **199**

EMEA: **108**

MARKET CONTACT:

Surachet Kongcheep

Associate Director | Research | Thailand

+662 656 7000

surachet.kongcheep@colliers.com

Colliers International Thailand

Ploenchit Center Sukhumvit Rd/17

Klongtoey, Bangkok 10110, Thailand

+662 656 7000



\$2.3

billion in
annual revenue

1.7

billion square feet
under management

16,300

professionals
and staff

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