

*Demand will continue to grow, while asking rents will increase in 2016.”*

## MARKET INDICATORS 3Q - 4Q 2015

Demand Supply Occupancy Rent

### Summary

**Demand** continued to show improvement in 2015, due to limited available office space; the AEC is another main factor that boosts demand. Newly occupied area in 2016 may be higher than 200,000 sq m.

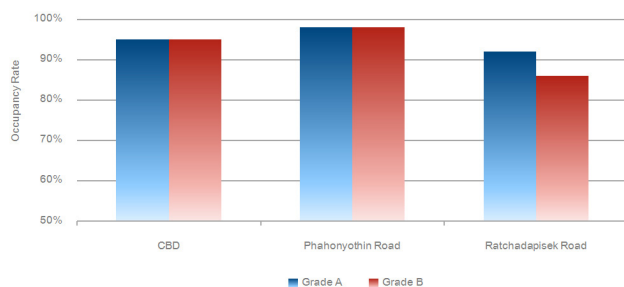
**Supply** remains limited due to the lack of new supply entering the market. Most new office buildings that are under construction are located outside the CBD area.

**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** have been driven upwards over the past two to three years, and this trend is expected to continue in 2016 and the future. Rental rates of some Grade A buildings outside the traditional CBD area are getting higher than in the past few years.

Please download the [Colliers International Office Leasing Guide](#) for more information or contact Khun Hathairat Yoorod at +66 (0) 89 919 1923 or [hathairat.yoorod@colliers.com](mailto:hathairat.yoorod@colliers.com)

### Occupancy Rates of 4Q 2015



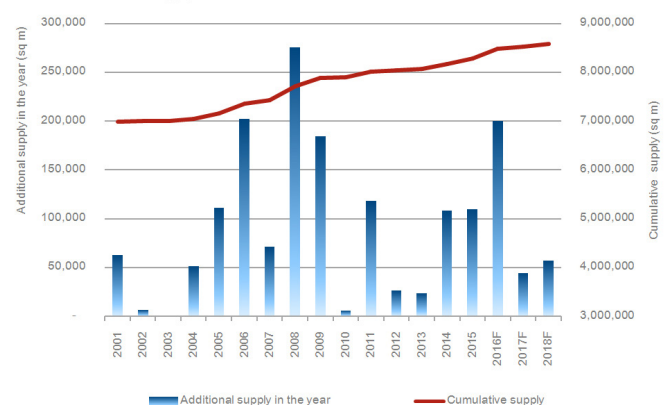
Source: Colliers International Thailand Research

The office market in Bangkok in 2015 has shown the highest occupancy rate and highest in the past many years 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 and all new office buildings that were completed in the past one to three years.

New office buildings outside the CBD area are 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.

Approximately 186,000 sq m was newly occupied in 2015, higher than the 180,000 sq m per year in 2013 and 2014. 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 2016. Newly occupied office space in 2016 will be higher than in 2015, the highest in the past few years, because many multinational and Thai companies are still interested in finding new office space or expanding their existing office space. Bangkok is still the best place for foreign investors that are looking to invest in other ASEAN countries, especially Myanmar, Laos and Cambodia.

### Cumulative and Future Supply as of 4Q 2015



Source: Colliers International Thailand Research

Note: F= Estimated area of all office buildings expected to be completed in 2016 - 2018.

Approximately 109,945 sq m of new office space was completed in 2015, increasing the total office space to about 8,284,405 sq m. Total new office space in 2014 and 2015 was more than 105,000 sq m each year, dramatically higher than in 2012 - 2013. In addition, more than 200,000 sq m is expected to be completed in 2016.

Many new office buildings are under construction and scheduled to be completed in 2016 - 2018, with approximately 129,780 sq m in the Northern Fringe area along Ratchadapisek and Phahonyothin Roads, while 125,380 sq m is in the traditional CBD area.

### Examples include:

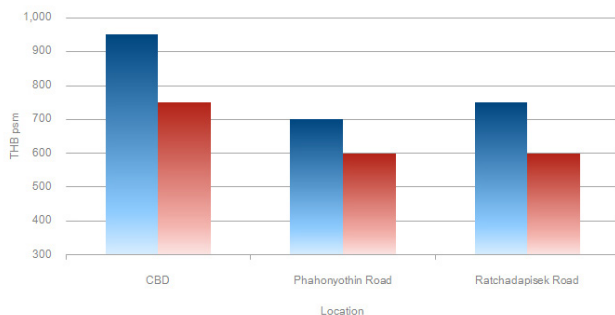
- Bhiraj Tower @ BITEC is close to Bang Na BTS Station and is part of the Bangkok International Trade & Exhibition Centre or BITEC;
- FYI Center is connected to Klong Toey MRT Station and will include retail and hotel facilities supporting the two office towers; and
- G Land Tower is connected to Rama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

Only two or three new office buildings that are expected to be completed in the future are located in a high land price zone, such as Rama 1, Sukhumvit, Silom or Sathorn Roads. This is due to the high-priced land not being suitable for office building development. 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 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.

The area along the new mass transit extension lines is still not suitable for office building development, but many home office projects were launched in the past one to two years.

### Rental Rates

#### Average Rental Rate by Location as of 4Q 2015



Source: Colliers International Thailand Research

Asking rents are expected to continue to increase throughout 2016, although many factors still affect Thailand's economy, and they may be lower than government expectations. But there is limited available supply and very limited new office buildings in the pipeline. The average asking rents in 2016 will increase by around 5% from 2015.

The average rental rate of Grade A buildings in the CBD area is around THB950 psm / month, which is the highest in Bangkok. However, some new buildings in the CBD area already ask more than THB950 psm / month.

In addition, approximately 56% of the total office space in Bangkok is at Grade B buildings that 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

Office buildings will become the most interesting sector in 2016 and the next few years.

The average occupancy and rental rates will continue to steadily increase in 2016 because of limited existing and future supply scheduled to be completed in 2016 - 2018. Meanwhile, demand still continues to grow.

New office buildings will become more interesting than existing or older buildings in Bangkok, although not in the CBD area.

The CBD and the areas along the BTS and MRT systems are still the most interesting areas for Thai and multinational companies that are looking for office space.

The areas along Phayathai and Phahonyothin Roads will become the new development locations for office buildings with some buildings under construction and some still in the preparation process.

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# 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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