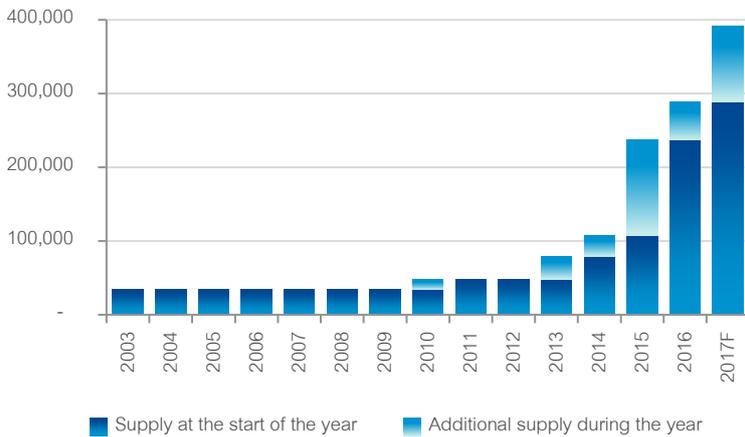


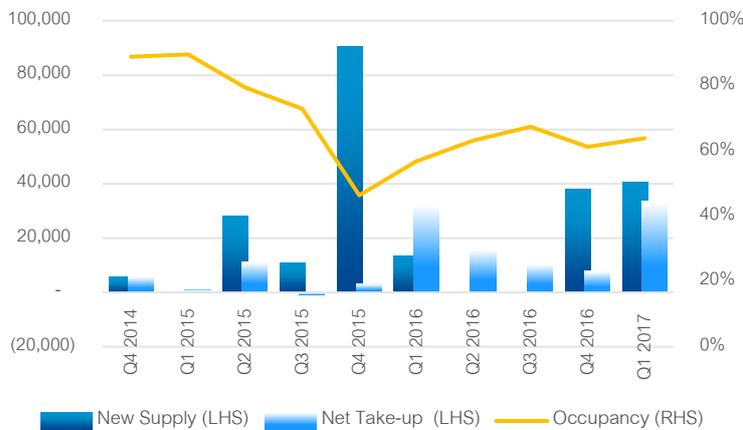
Office Supply Stock (GLA sq m)



## Supply

- As at the end of Q1 2017, Yangon's total office stock reached almost 330,000 sq m. There were more than 40,000 sq m of leasable space added during the quarter, led mostly by the delivery of Junction City Office Tower – considered one of the new international standard office developments in Yangon. Also located in Downtown is the recently completed Botataung Office Park, a development by the Eden Group, which currently consists of six 10-storey buildings.
- These latest additions have led to Downtown's office stock rising, now representing 34% of the total market, almost at par with the Inner City Zone being mostly represented by the HAGL Office Towers. However, the recent announcement of the Yoma Central along with the planned redevelopment of the 60-acre central railway station plot should mean a sizeable contribution to Downtown's office supply going forward. This should reinforce the trade area as the city's key business district in the long run.

Average Occupancy Rate and Net Take-up



## Demand

- Despite the introduction of new supply, the occupancy rate improved by 2.6% QoQ to end at 64% as at Q1 2017. On an annual basis, the occupancy rate is also up by 7%. Meanwhile, the net quarterly take-up reached a new record high of more than 33,000 sq m since the peak witnessed in Q1 2016. Movements to higher standard office buildings continued to trend with more tenants veering away from informal office spaces such as villas, showrooms and shop houses.
- Colliers expects the market to experience a more competitive rental environment as more supply comes online. This should create an impetus for potentially large-scale businesses to scale up operations, as well as small and medium sized tenants to relocate in formal office buildings. As a result, the city-wide occupancy is projected to breach the 70%-mark in the next twelve months with an annual net take-up of 80,000 sq m.

Average Rental Rate (USD / sq m / month)

City-wide	Q4 2016	Q1 2017	QoQ Change	Q1 2018 Forecast	YoY Change Forecast
USD/ sq m/ month	45.6	45.8	0.4%	47.8	4.4%

## Rent

- The citywide average rental rate remained generally stable QoQ at USD45 per sq m per month. However, the rate has since dropped by almost 20% compared to a year ago level. Nonetheless, Downtown rate remained highest at an average of USD51 per sq m per month. Colliers sees the rental growth to be capped at modest levels moving forward as supply becomes substantial.

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