



Phattarachai Taweewong

Research | Associate Director | Thailand
(+66) 86 546 3683

phattarachai.taweewong@colliers.com



Waras Dechgitvigrom

Research | Manager | Thailand
(+66) 82 398 6893

waras.dechgitvigrom@colliers.com

BANGKOK SERVICED APARTMENT

Q4 2019

Summary & Recommendations

“Although the overall serviced apartment market in Bangkok is still continuously growing, some large developers had entered into the serviced apartment market. The purpose is to gain revenue and increase their passive income. The demand has remained fairly stable with the Central CBD and Sukhumvit areas remaining as the most popular locations. The occupancy and rent have not significantly increased over the past several years. Average rents rates in Q4 2019 remained similar to the previous quarter. However it is predicted to increase. Though the increase may be only a few percentage points, as most clients for serviced apartment projects are on long contracts”



Demand

The demand of serviced apartment in Q4 2019 has increased slightly with the Central CBD and Sukhumvit areas remaining as the most popular areas for expatriates to stay.

Q4 2019



500 units

Full Year 2019



2,000 units

2020-22
Annual Average



2,000 units



Supply

The number of new serviced apartment has increase in Q4 2019 with large developers entering into serviced apartment market.



244units



870 units



1,500 units



Occupancy

Occupancy rate in all areas remained stable from the previous quarter.

End Q4/QOQ



85.3%

End 2019/YOY



+1.0pp

86%

End 2022/
Annual Average
Growth 2020-22



+1.0pp

86%



Rent

Average rents rates in Q4 2019 remained similar to the previous quarter. However it is predicted to increase. Though the increase may be only a few percentage points, as most clients for serviced apartment projects are on long contracts



USD 32.04



5%

USD 32.04



5%

USD 33.69

Supply

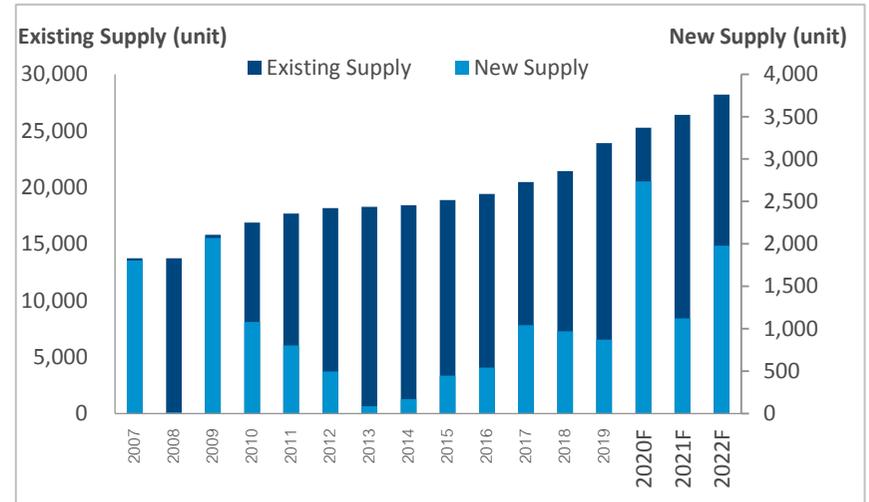
Existing supply of serviced apartment in Bangkok as of Q4 2019

As of Q4 2019, there were a total of 23,733 serviced apartment units in Bangkok. There were 244 units completed during Q4 2019, while a total of 5,834 units are under construction and expected to be completed between Q1 2020 and 2022. Most projects are in small scale and located in the lower and upper Sukhumvit near Thonglor and Prompong.

Developers such as Sansiri and Ananda are still developing serviced apartment as expatriates still prefer to stay in serviced apartments despite the increase in competition between serviced apartments and condominium units that are available for rent. Like many developers that launched a service apartment project in the CBD area and along the mass rapid transit, such as the MeStyle Mixx Pracharatbamphen – a Mixed-Use project with serviced apartments for future revenue growth. There is also a project located in the heart of the Ekkamai area, namely Best Residence Ekkamai, which has been launched in Q4 2019.

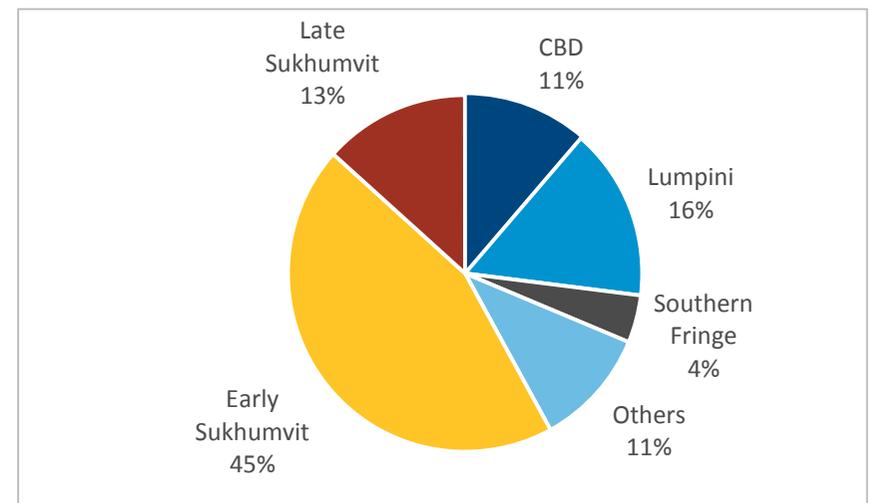
Early Sukhumvit had the highest serviced apartment supply with a total of 12,887 units, accounting for 58% of the total supply in Bangkok. The southern fringe had the lowest supply with only 956 units. The Sukhumvit area is the main business and residential area in Bangkok, providing many supporting amenities and access to mass transit stations. Thus, many existing and future serviced apartment projects are concentrated in this location.

Existing supply of serviced apartment in Bangkok (unit)



Source: Research, Colliers International Thailand
Note: F = Future supply

Existing supply by location (unit)



Source: Research, Colliers International Thailand

Demand

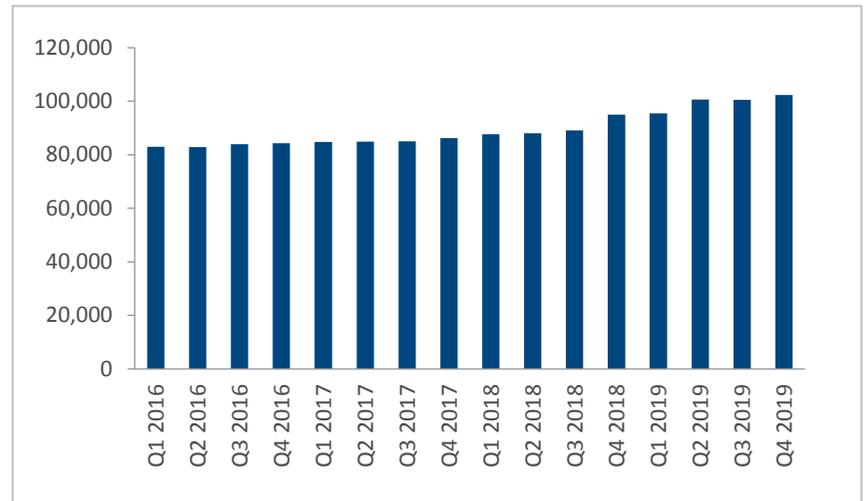
Number of expatriates in Bangkok between 1Q 2016 and Q4 2019

Expatriates who work in Bangkok are the main demand for serviced apartments. As of Q4 2019, there were a total of 102,274 expatriates with work permits working in Bangkok. The number has increased slightly from the previous quarter; however, not all expats will choose to stay in a serviced apartment but might consider renting a condominium or a luxury or high-end apartment in the same area with access to a mass transit station and similar rental rates.

The demand in Q4 2019 has remained fairly stable from the previous quarter with the Central CBD and Sukhumvit areas continue to be the most popular areas with the highest demand.

There are many foreign investors who want to invest in Thailand, especially Japanese investors. Japanese expats accounted for about 25% of the total population of expatriates in Thailand, followed by other Asian nationalities such as Chinese, Korean, Taiwanese, Malaysian and some Europeans.

Number of expatriate with work permit in Bangkok (person)



Source: Ministry of Labor



Occupancy

Average occupancy rate in Bangkok as of Q4 2019

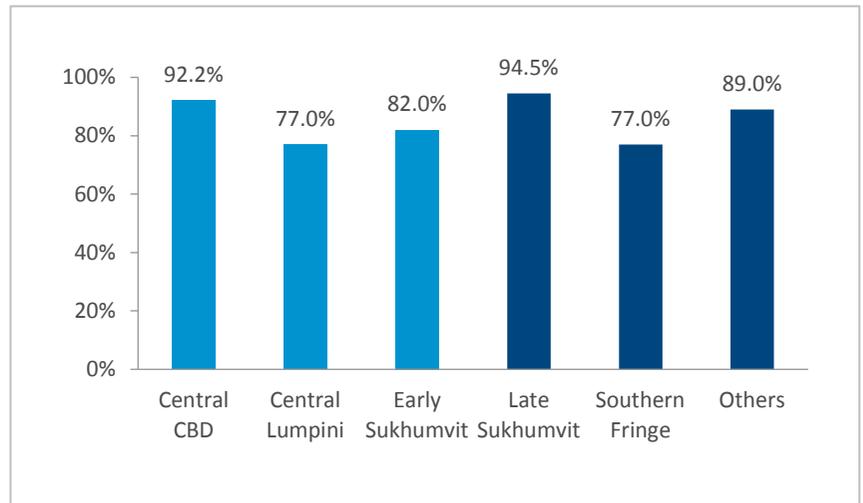
The average occupancy rate of serviced apartments in Bangkok was 85.97% as of Q4 2019. Some serviced apartment projects had an occupancy rate as high as 90%. The Central CBD and the areas along the Sukhumvit Road, especially Sukhumvit 55 (Thonglor), remained the most popular locations among the expatriates as these areas provide easy access to the BTS stations and other amenities. The extension of the BTS Light Green Line is also a factor contributing to the increased demand in this area.

Although the number of expatriates in Bangkok has grown continuously q-o-q, the average occupancy rate of serviced apartments in Bangkok has not dramatically increased during the past few years, largely because many expatriates prefer to stay in condominiums with lower rents than serviced apartments in the same locations.

Japanese expatriates are the chief clients of serviced apartments in Bangkok, especially along Sukhumvit Road (soi 21–55). Some areas along Sukhumvit Road have also become popular locations for other foreigners, including a number of South Korean staying in Sukhumvit Soi 12 and Middle Easterners staying in the area around Nana.

Although the number of expatriates in Bangkok grew continuously every quarter, the average occupancy rate of serviced apartments in Bangkok did not dramatically increase over the past few years. We expect the average occupancy rate of serviced apartments in Bangkok in Q1 2020 to be stable and remaining similar to Q4 2019.

Average Occupancy Rate in Bangkok



Source: Research, Colliers International Thailand



Rental Rate

Average rental rate for one-bedroom unit in Bangkok as of Q4 2019

As there is competition from other type of properties, serviced apartment are limited in increasing rental rates. As of Q4 2019, the average rental rate in Bangkok remained stable at THB 860 per sq.m. per month. The Southern Fringe had the lowest rental rate of THB 640 per sq.m. per month while the Lumpini area in the CBD had the highest rental rate of above THB 1,200 per sq.m. per month as there are many branded and luxury serviced apartments located in this location.

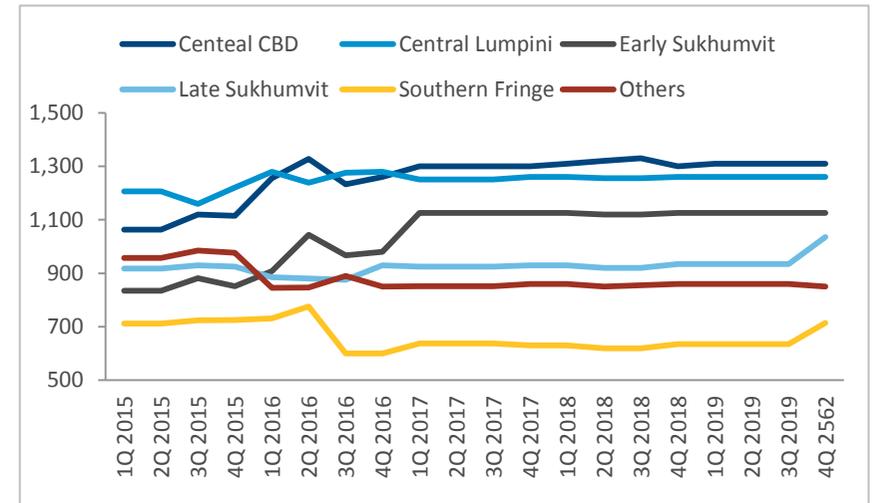
The average rental rates in the Sukhumvit area were between THB 850-THB 1,200 per sq.m. per month. In addition to a number of branded serviced apartments in this location, there are also many condominium and apartment projects, which resulted in high competition limiting rental rate increases.

Average rents rates in Q4 2019 remained similar to the previous quarter. However it is predicted to increase throughout next year. The increase may be only a few percentage points, as most clients for serviced apartment projects are on long contracts.

Serviced apartments have been intensely competitive with condominiums and luxury apartments during the past few years. Many foreigners moved from serviced apartments to condominiums in the same location, due to lower rents and similar facilities. Thus, not many new serviced apartments were added to the market in the past few years or will be in the future.

However, in Q4 2019, there will be a new supply of more than 1,000 units from Siam Sindhorn in Central Lumpini area. As a result, the total supply of serviced apartment in 2019 will be up to 2,000 units.

Average rental rate in Bangkok (THB/sq.m./month)



Source: Research, Colliers International Thailand



Primary Authors:

Phattarachai Taweewong

Associate Director | Research | Thailand
+66 86 546 3683

phattarachai.taweewong@colliers.com

Contributors:

Ratchaphum Jongpakdee

Deputy Managing Director | Thailand
+66 63 878 3322

ratchaphum.jongpakdee@colliers.com

For further information, please contact:

Barny Swainson

Senior Director | Capital Markets & Investment Services | Thailand
+66 62 445 0040

barny.swainson@colliers.com

Wasan Rattanakijjanukul

Associate Director | Capital Markets and Investment Services | Thailand
+66 81 443 2048

wasan.rattanakijjanukul@colliers.com

Napaswan Chotephard

Senior Manager | Residential Sales & Leasing | Thailand
+66 85 902 7463

napaswan.chotephard@colliers.com

Sorravich Siriwattanapornchai

Senior Manager | Industrial Services | Thailand
+66 83 077 6445

sorravich.siriwattanapornchai@colliers.com

Hathairat Yoorod

Senior Manager | Office Services | Thailand
+66 89 919 1923

hathairat.yoorod@colliers.com

About Colliers International Group Inc.

[Colliers International](#) (NASDAQ, TSX: CIG) is a leading global real estate services and investment management company. With operations in 68 countries, our 14,000 enterprising people work collaboratively to provide expert advice and services to maximize the value of property for real estate occupiers, owners and investors. For more than 20 years, our experienced leadership team, owning approximately 40% of our equity, have delivered industry-leading investment returns for shareholders. In 2018, corporate revenues were \$2.8 billion (\$3.3 billion including affiliates), with more than \$26 billion of assets under management.

For the latest news from Colliers, visit our [website](#) or follow us on   

Copyright © 2020 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.

