



Colliers Quarterly | Office | Bangkok | Q4 2021

BANGKOK OFFICE MARKET

Q4 2021

Insights & Recommendations

“At the end of Q4 2021, the supply of office space in Bangkok continued to increase steadily to 9.186 million sq.m. from the launch of three new office building projects namely Vanessa Tower, The Kronos Sathorn and Ratchada One. Overall occupancy rates decreased slightly in Q4 2021.

Colliers Thailand found that Q4 2021 was an accurate depiction of what to expect in the future as supply outpaced demand causing asking rents and occupancy rates to decline. Colliers found that many tenants still wanted to renew their lease while reducing the size of their office. However, tenants without representation had a difficult time capitalizing on current market conditions.”



Demand

The demand of the new office spaces in Bangkok in Q4 2021 was at approximately 11,650 sq.m. New demand came from E-Commerce businesses, financial institutions, and Co-working space businesses.



Supply

As of Q4 2021, the supply of office space in Bangkok continued to increase slightly to 9.186 million sq.m. or an increase of 0.72% q-o-q from the launch of 3 new office building project in Bangkok with the total NLA of 65,885 square meters.



Rent

The overall average rental price in all grades and areas of office buildings in Bangkok increased by 0.40% to THB750 per sq.m. q-o-q. Asking price of Grade A office buildings in the CBD area remained stable at approximately THB1,101 q-o-q.



Occupancy

As of Q4 2021, the total office space of over 8.558 million sq.m. was occupied. Overall occupancy rates have decreased in this quarter to 92.16% from the previous quarter.



ASKING RENTS INCREASED DUE TO THE NEW SUPPLY HAVING HIGH RENTAL PRICES

As of Q4 2021, the supply of office space in Bangkok continued to increase steadily to 9.186 million sq.m. or an increase of 0.72% q-o-q from the launch of 3 new office buildings. Two notable projects are 'Vanissa Building' Located in Chidlom area with the total NLA of 24,720 sq.m. and Kronos Sathorn Tower, with the total NLA of 20,165 sq.m. Both are Grade A office buildings located in the CBD area. Another building is Ratchada One, a new office building outside the CBD area which is Grade B office.

Overall average asking rental prices in Bangkok increased 0.40% q-o-q to THB750 per sq.m. The rise in rental prices was largely due to the new supply coming into the market have higher rental prices that are a lot higher than the average market price.

The asking price for Grade A office buildings in the CBD areas remained stable at approximately THB1,101. Office buildings in the Lumpini area still have the highest average asking rental rate at THB1,087 per sq.m. per month.

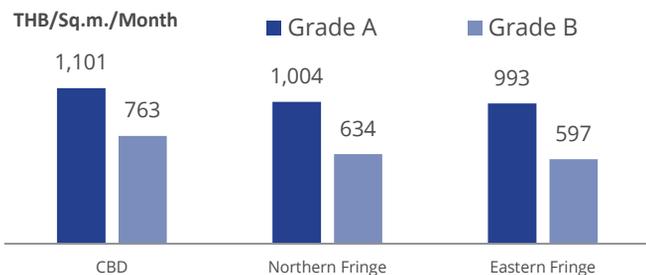
The outer CBD areas benefited slightly as some tenants who previously rented office space in CBD areas began to look for office space outside the city center. Some tenants moved out of the CBD to reduce cost.

In Q4 2021, there were 6 office buildings with a total NLA of approximately 162,515 sq.m postponed. In 2022, Colliers Thailand expects that there will be approximately 621,095 sq.m. of additional office supply constructed. Another 589,581 sq.m. in 2023 will also be completed. Approximately 58.6% of all incoming supply is in the CBD area and 92.5% are Grade A office space.

Many tenants are aiming to renew their lease and reduce the size of their rental space in the same transaction. Generally, tenants were offered an initial increase of 15% during renewal. However, tenants with representation can secure more favorable terms as competition is increasing among landlords.

Due to office trends like greater integration of work outside the office space, Colliers expects demand for office space to continue to stagnate over the near term. The functions of future office spaces will shift from traditional space to areas that promote greater collaboration and flexibility to meet the organizational and social needs of employees.

Average Asking Rental Rate by Location, as of Q4 2021



Source: Research and Communication, Colliers Thailand



Vanissa Building



OCCUPANCY RATES SLIGHTLY DECREASED

As of Q4 2021, over 8.558 million sq.m. of office space in Bangkok was occupied representing a stable rate in Q4 2021 at 92.16%. The Sukhumvit area maintained the highest occupancy rate in the CBD at 94.45%.

This illustrates that demand for office space in the Bangkok area dropped slightly from the previous quarter. Tenants were still likely to request a downsize of the rental space or a temporary rental reduction.

Colliers expects occupancy rates to decline in the future as well. As companies implement cost cutting measures and downsize office space, new supply will continue to flood the market over the next 3 years.

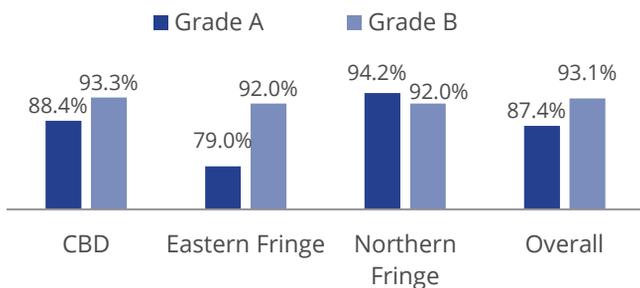
In Q4 2021, large developers such as Singha Estate PLC continued to focus on the office market. The S Oasis building, a Grade A 'lifestyle' office building with the total NLA of 54,000 sq.m., is expected to be completed in Q2 2022. Another one is 'King Bridge Tower' developed by Saha Capital Tower Co., Ltd., a new iconic office building on Rama 3 road,

which is expected to be completed in 2024. AIA Thailand Co., LTD is launching an office building 'AIA East Gateway, with 5 floors of retail spaces on Bangna Trad Road, with the total NLA for office of 60,000 sq.m. This office building is expected to be completed in Q3 2022. Lastly, '101 True Digital Park' a 26 floor mixed use project connected to the skywalk. The project comprises Hotel, Retail and office. The total NLA for Office is 45,000 sq.m.

Of the current total office supply in Bangkok, approximately 45.3% is located in the outer city of Bangkok. Though, 58.0% of the office space under construction is located in the CBD area and the vast majority are Grade A office buildings.

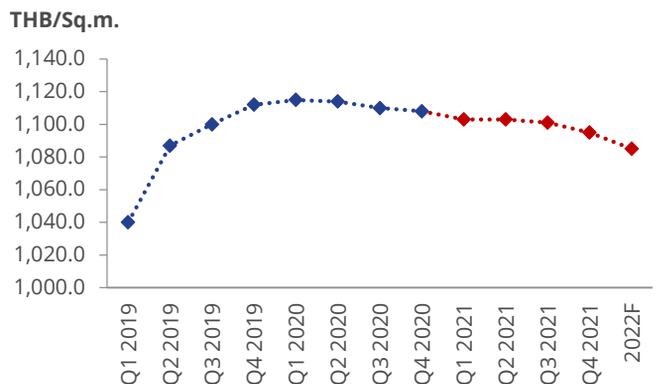
While Colliers Thailand expects overall occupancy rates to decrease due to an abundance of incoming supply, the new supply is likely to attract tenants due to its premium location and higher quality.

Occupancy Rate by Location, as of Q4 2021



Source: Research and Communication, Colliers Thailand

Average Grade A asking rental rate, Q1 2019 – 2022F



Source: Research and Communication, Colliers Thailand
Remark: F = Forecast



Primary Authors:

Waras Dechgitvigrom

Senior Manager | Research and Communication | Thailand

(+66) 82 398 6893

waras.dechgitvigrom@colliers.com

Contributors:

Phattarachai Taweewong

Director | Research and Communication | Thailand

(+66) 86 546 3683

phattarachai.taweewong@colliers.com

For further information, please contact:

Manita Santikarn

Associate Director | Office Services | Thailand

(+66) 93 936 3955

manita.santikarn@colliers.com

Tysen Kamin

Deputy Managing Director | Thailand

(+66) 81 373 3916

tysen.kamin@colliers.com

Tatchada Supakornpichan

Senior Director | Valuation Services | Thailand

(+66) 96 154 6397

tatchada.Supakornpichan@colliers.com

Patcharapan Tantikulananta

Associate Director | Capital Markets & Investment Services

(+66) 94 928 9565

patcharapan.t@colliers.com

Sorravich Siriwattanapornchai,

Associate Director | Industrial Services | Thailand

(+66) 83 077 6445

sorravich.siriwattanapornchai@colliers.com

About Colliers International

Colliers (NASDAQ, TSX: CIGI) is a leading diversified professional services and investment management company. With operations in 66 countries, our more than 15,000 enterprising professionals work collaboratively to provide expert advice to real estate occupiers, owners and investors. For more than 25 years, our experienced leadership with significant insider ownership has delivered compound annual investment returns of almost 20% for shareholders. With annualized revenues of \$3.3 billion (\$3.6 billion including affiliates) and \$45 billion of assets under management, we maximize the potential of property and accelerate the success of our clients and our people. Learn more at corporate.colliers.com, [Twitter](https://twitter.com/colliers) or [LinkedIn](https://www.linkedin.com/company/colliers)

Copyright © 2021 Colliers International

This document/email has been prepared by Colliers for advertising and general information only. Colliers makes no guarantees, representations or warranties of any kind, expressed or implied, regarding the information including, but not limited to, warranties of content, accuracy and reliability. Any interested party should undertake their own inquiries as to the accuracy of the information. Colliers excludes unequivocally all inferred or implied terms, conditions and warranties arising out of this document and excludes all liability for loss and damages arising there from. This publication is the copyrighted property of Colliers and /or its licensor(s). © 2021. All rights reserved. This communication is not intended to cause or induce breach of an existing listing agreement.