

# Office

Q1 2024

An overview review of Bangkok's Office market in Q1 2024  
by Knight Frank Thailand[knightfrank.co.th/research](https://knightfrank.co.th/research)

- Knight Frank has observed a rising trend in Asset Enhancement (AE) and improvements aimed at revitalizing aging properties to maintain their competitiveness in the market. These efforts have evolved from purely basic physical refurbishments to now include the integration of advanced technologies and sustainable practices, thereby enhancing both the functionality and appeal of the properties.**

The Office of the National Economic and Social Development Council (NESDC) revised the Thailand outlook for 2024 to 2.7%, down from the previous estimate of 3.2%. Both private consumption and private investment are expected to expand by more than 3%. However, public consumption is anticipated to slow to 1.5%, with public investment contracting by 1.8%, after a delay of over six months in state budget planning for fiscal 2024. In the external sector, exports of goods and services are forecast to grow by 5%, outpacing the expansion of imports, which will increase by 3%. Consequently, the NESDC expects that net exports will be another key economic driver this year, alongside private consumption and private investment, amid low inflationary pressures, low unemployment, and the anticipated cessation of the policy interest rate rise.

In terms of economic stability, headline inflation for February 2024 decreased in all major categories, remaining at -0.8% YoY, particularly due to the high

base effect from the previous year and an increased supply in fresh food and energy markets. Concurrently, the labor market saw a slight downturn, with unemployment rates rising in the production and service sectors. The Thai Baht weakened against the US dollar amid expectations of a delayed interest rate cut by the Thai central bank. Throughout 2024, the Thai economy is likely to confront multiple risk factors, including rising household debt, potential drought conditions, and ongoing global geopolitical tensions.

The Business Sentiment Index (BSI) for February 2024 slightly contracted to 48.8 from 49.1 in December of the previous year. The data indicated a decrease in confidence regarding costs and total order books, except for employment. The projected BSI for the next three months also decreased by 0.5 percentage points to 53.5, affecting almost all components, except for investment confidence.

## 52,700 sq m

The total supply of office space in Bangkok increased from the completion of Punn Tower and JLK Tower, bringing the total to 6.10 million sq m.

## 1.47 million sq m

is in the projected pipeline from 2022 to 2028.

## -5,500 sq m

Net absorption declined in Q1.

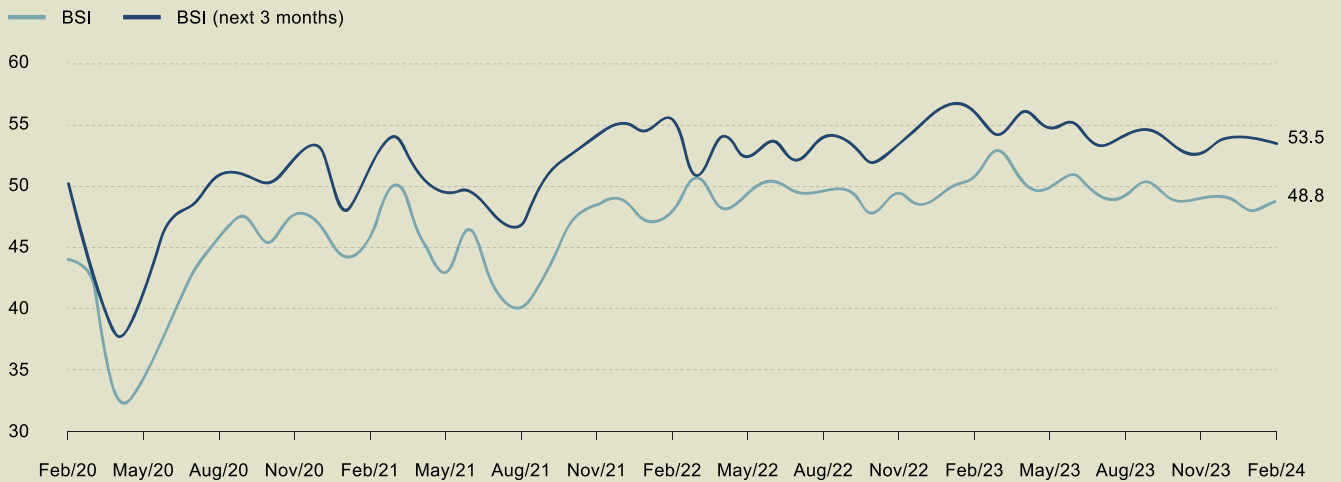
## 77%

The overall occupancy rate declined by 0.6% pts QoQ.

## OFFICE PROPERTY MARKET INDICATORS

	<b>6.10M</b> SUPPLY (sq m)	<b>4.70M</b> OCCUPIED SPACE (sq m)	<b>77.0%</b> OCCUPANCY RATE	<b>814.-</b> ASKING RENT (THB / sq m / month)
% Change				
<b>Q-o-Q</b>	▲ 0.9%	▼ 0.1%	▼ 0.7% pts.	▼ 0.4%
<b>Y-o-Y</b>	▲ 3.7%	▲ 1.5%	▼ 2.0% pts.	▼ 0.5%

## THAILAND BUSINESS SENTIMENT INDEX



INTERPRETATION OF THE INDEX IS AS FOLLOWS:

INDEX = 50 INDICATES THAT THE RESPONDENTS' BUSINESS SENTIMENT REMAINS STABLE FROM THE PREVIOUS MONTH;  
 INDEX > 50 INDICATES THAT THE RESPONDENTS' BUSINESS SENTIMENT HAS IMPROVED FROM THE PREVIOUS MONTH;  
 INDEX < 50 INDICATES THAT THE RESPONDENTS' BUSINESS SENTIMENT HAS DETERIORATED FROM THE PREVIOUS MONTH.

SOURCE: BANK OF THAILAND

## SUPPLY

Bangkok's total supply of office space expanded this quarter by 52,700 sq m, or by 0.9% QoQ, to 6.10 million sq m. Two new buildings were launched

in Q1, including the Punn Tower on Rama 4 Road and JLK Tower, connected to BTS Nana. Since all new supply is classified as green buildings,

the lettable area of green office space also increased by 3.8% QoQ to 1,446,000 sq m, now accounting for 24% of the total market.

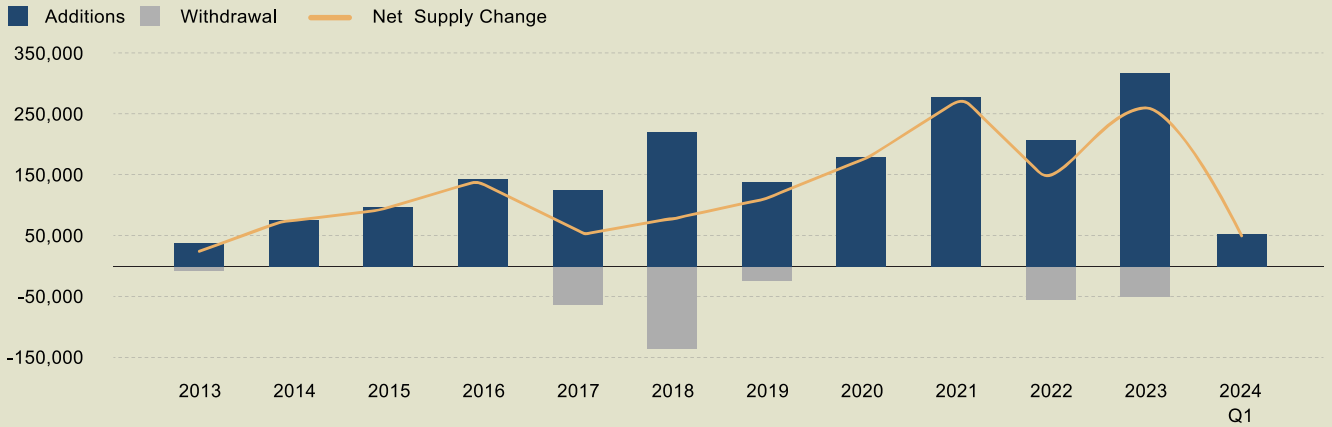
## BANGKOK OFFICE SUPPLY CHANGE

	Q1 2024 (sq m)	Supply % Change		10 Yr. Avg. Growth Rate
		(Q-o-Q)	(Y-o-Y)	
<b>Market</b>	6,103,000	▲ 0.9%	▲ 3.7%	▲ 2.7%
<b>Green</b>	1,446,000	▲ 3.8%	▲ 14.3%	▲ 17.7%

SOURCE: KNIGHT FRANK (THAILAND) – OCCUPIER STRATEGY & SOLUTIONS

### BANGKOK OFFICE NET SUPPLY CHANGE

SQ M



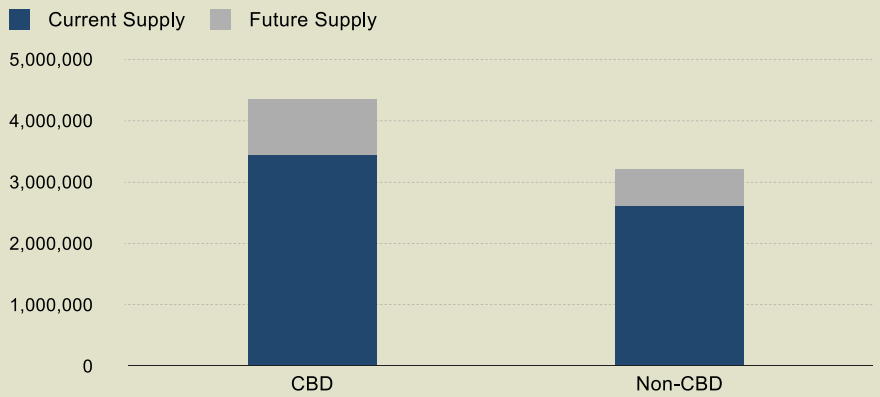
SOURCE: KNIGHT FRANK (THAILAND) - OCCUPIER STRATEGY & SOLUTIONS

### FUTURE SUPPLY

In Q1, a new office project was unveiled on Bangna-Trad Road. The combined lettable area of all upcoming developments remains unchanged at 1.50 million sq m, which will account for 25% of the current office space supply. Within this upcoming supply, 60% is concentrated in the CBD, highlighting a significant focus on central areas. Over the next three years, the anticipated additional office space supply is projected to be 616,700 sq m in 2024, 365,000 sq m in 2025, and 373,000 sq m in 2026, respectively.

### BANGKOK OFFICE CURRENT AND FUTURE SUPPLY

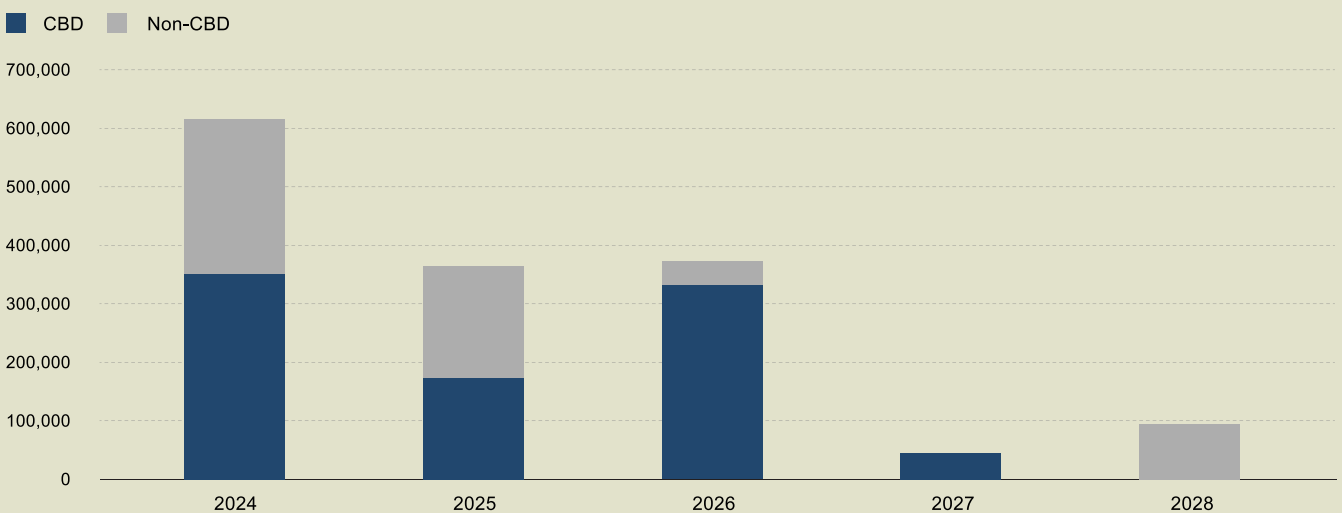
SQ M



SOURCE: KNIGHT FRANK (THAILAND) - OCCUPIER STRATEGY & SOLUTIONS

### BANGKOK OFFICE FUTURE SUPPLY IN CBD VS NON-CBD

SQ M



SOURCE: KNIGHT FRANK (THAILAND) - OCCUPIER STRATEGY & SOLUTIONS

## DEMAND

The office market this quarter recorded a net absorption figure of -5,500 sq m, ending a seven-quarter rise since mid-2022. However, in Q1, net absorption for green office spaces remained strong at 29,600 sq m, while non-green office spaces saw a further decline to -35,100 sq m. Over the past year, annual net absorption has highlighted a trend where new leases increasingly prioritize green office space, totaling 138,700 sq m,

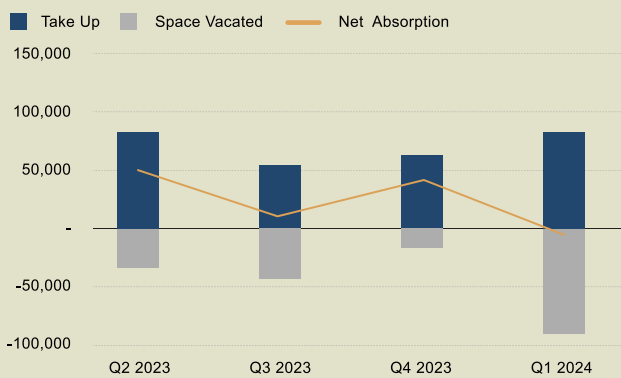
in contrast to -37,000 sq m for office spaces without green certifications.

In this quarter, the office market outside the Central Business District (non-CBD) demonstrated robust demand, with a net absorption of 20,800 sq m, in stark contrast to the CBD area, where net absorption was -26,300 sq m. The activities in the CBD were primarily driven by relocations from older to newer buildings, which

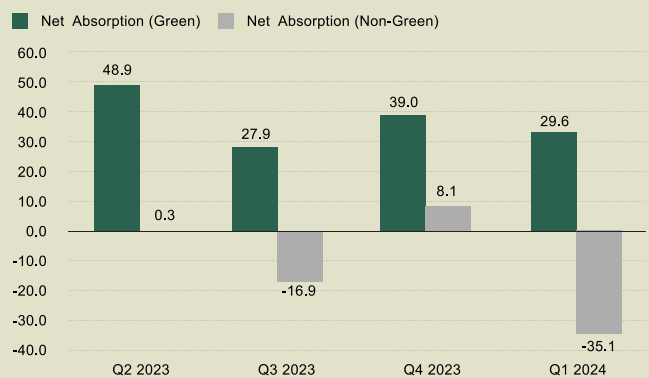
offered greater incentives. This is especially notable given that the new supply in the CBD is expected to reach a historic high in 2024. Conversely, demand in the non-CBD areas gradually improved as firms became more open to establishing headquarters outside the city center, especially in locations with extensive mass rapid transit coverage.

### BANGKOK OFFICE DEMAND DYNAMICS

NET ABSORPTION  
SQ M



NET ABSORPTION (GREEN VS NON-GREEN)  
THOUSAND SQ M

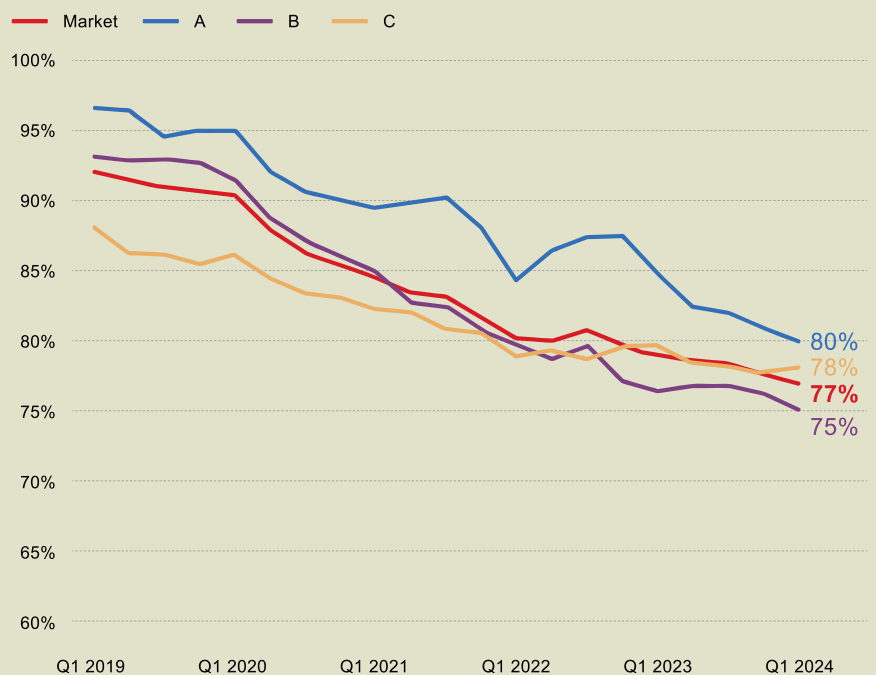


SOURCE: KNIGHT FRANK (THAILAND) - OCCUPIER STRATEGY & SOLUTIONS

## MARKET DYNAMICS BY SEGMENT

The overall market occupancy rate experienced a modest downturn, declining by 0.7 pts QoQ to 77%. In the breakdown by office grades, Grade A offices demonstrated resilience, boasting the highest occupancy rate at 80%, despite a YoY decline of 4.7% mainly due to supply-side pressure. Conversely, Grade B offices continued to underperform, with an occupancy rate of 75%. It has been noted that many offices previously classified as Grade A have been downgraded to Grade B, losing key tenants to newer buildings of the same or a higher grade. Grade C offices, however, were the only segment to see an increase in occupancy rates this quarter, rising by 0.3 pts QoQ to 78%, attributed to the lack of new supply pressure and a reduced sensitivity to tenant relocations.

### BANGKOK OFFICE OCCUPANCY RATE BY GRADE



SOURCE: KNIGHT FRANK (THAILAND) - OCCUPIER STRATEGY & SOLUTIONS

On the demand side, the total occupied space in the Bangkok office market decreased by 5,500 sq m, remaining at 4.70 million sq m. This quarter marked the onset of negative net absorption for Grade B. However, throughout the last year, all grades have shown positive net absorption. Grade A saw the largest increase in total occupied space YoY at 70,500 sq m, primarily driven by large or well-established corporations seeking new, modern facilities in prime locations. Furthermore, nearly half of Grade A offices have achieved green certification, making them particularly appealing to companies required to occupy spaces that adhere to stringent environmental, social, and governance (ESG) criteria. Grade B offices followed with a YoY increase in total occupied space of 30,000 sq m, while Grade C saw a much smaller increase at 1,200 sq m YoY. This indicates a consistent expansion across all office grades, with a noticeable preference for the upper segments.

In Q1, the office sector in Bangkok reported an average rent of THB 814 per square meter per month, with a marginal decrease of 0.4% QoQ and 0.5% YoY. The breakdown by office grades indicates Grade A offices at THB 1,178, Grade B at THB 833, and Grade C at THB 510. Grades A and C experienced minor rental changes of approximately +/- 0.5% for both QoQ and YoY. However, Grade B saw a more significant decrease in rental rate by 0.8% QoQ and 0.9% YoY, aligning with its occupancy performance.

### BANGKOK OFFICE OCCUPANCY RATE BY GRADE

	Q1 2024	Occupancy Rate % Change		10 Yr. Avg. Occupancy Rate
		(Q-o-Q)	(Y-o-Y)	
<b>Market</b>	77%	▼ 0.7% pts	▼ 2.0% pts	88%
<b>Grade A</b>	80%	▼ 0.8% pts	▼ 4.7% pts	92%
<b>Grade B</b>	75%	▼ 1.2% pts	▼ 1.4% pts	88%
<b>Grade C</b>	78%	▲ 0.3% pts	▼ 1.6% pts	85%

SOURCE: KNIGHT FRANK (THAILAND) – OCCUPIER STRATEGY & SOLUTIONS

### BANGKOK OFFICE OCCUPIED SPACE AND NET ABSORPTION BY GRADE

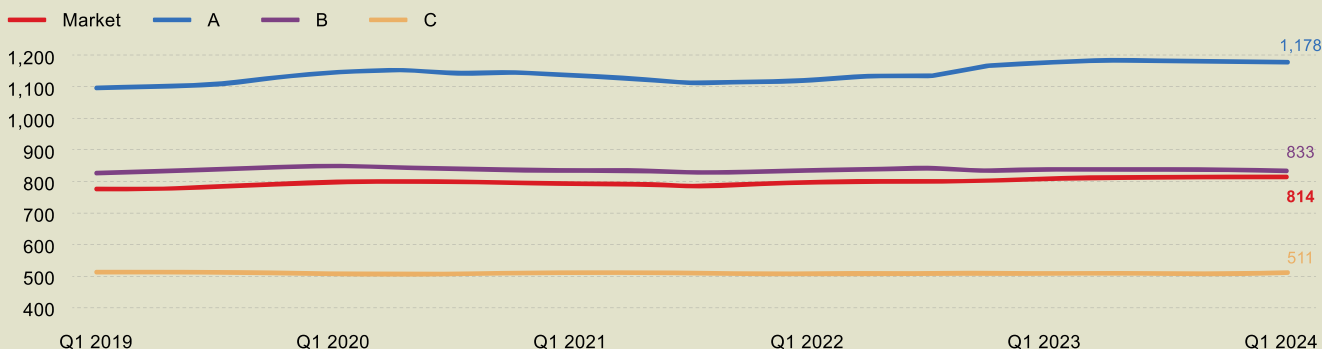
SQ M - NEAREST HUNDRED

	Occupied Space as of Q1 2024	Net Absorption	
		Per Quarter	Per Annum
<b>Market</b>	4,697,500	-5,500	101,700
<b>Grade A</b>	1,030,400	8,200	70,500
<b>Grade B</b>	2,328,000	-14,300	30,000
<b>Grade C</b>	1,346,100	600	1,200

SOURCE: KNIGHT FRANK (THAILAND) – OCCUPIER STRATEGY & SOLUTIONS

### BANGKOK OFFICE AVERAGE ASKING RENT BY GRADE

BAHT / SQ M / MONTH



SOURCE: KNIGHT FRANK (THAILAND) – OCCUPIER STRATEGY & SOLUTIONS

## BANGKOK OFFICE AVERAGE ASKING RENT BY GRADE

BAHT / SQ M / MONTH

	Q1 2024	Rent % Change		10 Yr. Annual Growth Rate
		(Q-o-Q)	(Y-o-Y)	
<b>Market</b>	<b>814</b>	▼ 0.4%	▼ 0.5%	▲ 2.9%
<b>Grade A</b>	1,178	▼ 0.3%	▼ 0.1%	▲ 3.6%
<b>Grade B</b>	833	▼ 0.8%	▼ 0.9%	▲ 2.3%
<b>Grade C</b>	511	▲ 0.1%	▼ 0.2%	▲ 1.4%

SOURCE: KNIGHT FRANK (THAILAND) – OCCUPIER STRATEGY & SOLUTIONS

## MARKET DYNAMICS BY AREA

In the Bangkok CBD, the average asking rent remained constant at THB 935 per sq m per month, while the average occupancy rate fell by 2.0% QoQ to 78%. The Ploenchit-Chidlom-Wireless area demonstrated robust performance, with occupancy growing by 2.7% YoY to 81%. Meanwhile, recent completions in the Nana-Asoke-Phrompong and Silom-Sathorn-Rama IV areas over the past year pushed rental growth upward by more than 1%

YoY, but occupancy rates also plunged by nearly 5% YoY. This quarter, CBD net absorption fell to a negative 26,300 sq m, largely due to a rise in vacated space in ageing office buildings in the Silom-Sathorn-Rama IV area. Office spaces located outside the CBD experienced a decrease in the average asking rent by 1.2% QoQ, settling at THB 652 per square meter per month. Meanwhile, the average occupancy rate modestly increased by 0.8%

QoQ to 75%. In contrast to the CBD, non-CBD areas recorded positive net absorption figures of 20,800 sq m in Q1 and a substantial 82,900 sq m over the past year. Each non-CBD sub-market saw a decline in rents both QoQ and YoY, accompanied by an increase in occupancy rates. The Phaholyothin-Viphavadi area emerged as the best performer, with the occupancy rate increasing by 3.8% YoY, buoyed by a healthy net absorption of 20,600 sq m.

## BANGKOK OFFICE SUB-MARKET INDICATORS

Area	Average Asking Rent (THB / SQ M / Month)	Rent % Change		Occupancy Rate (%)	Occupancy Rate % Change	
		(Q-o-Q)	(Y-o-Y)		(Q-o-Q)	(Y-o-Y)
<b>CBD</b>	<b>935</b>	▲ 0.1%	▲ 0.8%	<b>78%</b>	▼ 2.0%	▼ 4.2%
Ploenchit - Chidlom - Wireless	1,047	▼ 0.7%	▼ 0.1%	81%	▲ 0.6%	▲ 2.7%
Nana - Asoke - Phrompong	946	▲ 1.3%	▲ 1.1%	79%	▼ 3.1%	▼ 4.7%
Silom - Sathorn - Rama IV	908	▼ 0.2%	▲ 1.5%	79%	▼ 3.3%	▼ 4.9%
<b>Non - CBD</b>	<b>652</b>	▼ 1.2%	▼ 2.3%	<b>75%</b>	▲ 0.8%	▲ 1.4%
Petchburi - Rama IX - Ratchada	710	▼ 2.2%	▼ 1.8%	80%	▲ 0.2%	▲ 0.1%
Phaholyothin - Viphavadi	685	▼ 0.6%	▼ 1.2%	76%	▲ 1.1%	▲ 3.8%
Bangna - Srinakarin	579	0.0%	▼ 3.6%	66%	▲ 1.4%	▲ 0.2%

SOURCE: KNIGHT FRANK (THAILAND) – OCCUPIER STRATEGY & SOLUTIONS

## BANGKOK OFFICE OCCUPIED SPACE AND NET ABSORPTION BY AREA

SQ M - NEAREST HUNDRED

Area	Occupied Space as of Q1 2024	Net Absorption	
		Per Quarter	Per Annum
<b>CBD</b>	<b>2,743,700</b>	<b>▼ 26,300</b>	<b>▲ 30,800</b>
Ploenchit - Chidlom - Wireless	512,400	▲ 3,800	▲ 17,400
Nana - Asoke - Phrompong	512,600	▲ 5,600	▲ 8,100
Silom - Sathorn - Rama IV	1,247,800	▼ 33,400	▼ 11,900
<b>Non - CBD</b>	<b>1,953,800</b>	<b>▲ 20,800</b>	<b>▲ 82,900</b>
Petchburi - Rama IX - Ratchada	743,400	▲ 1,700	▲ 1,000
Phaholyothin - Viphavadi	408,400	▲ 5,700	▲ 20,600
Bangna - Srinakarin	242,900	▲ 5,200	▲ 4,900

SOURCE: KNIGHT FRANK (THAILAND) - OCCUPIER STRATEGY & SOLUTIONS

## OUTLOOK

In the first quarter of 2024, the office sector in Bangkok witnessed a leveling off in demand, breaking away from a run of seven consecutive quarters of positive net absorption. The period saw a reversal, with negative net absorption totaling 5,500 square meters, while the net supply change rose by 52,700 sq m. This change resulted in a modest decrease in average occupancy rates within the market, which fell by 0.7% QoQ to settle at 77.0%. Despite this dip in occupancy, rental prices exhibited remarkable stability, with only a slight marginal decline of 0.2% QoQ, bringing the average rental rate to THB 814 per square meter per month. A notable observation during this quarter was the increasing preference for smaller unit sizes, reflecting a possible adjustment in the market toward more compact and cost-effective office solutions. Additionally, there was a noticeable trend of tenants transitioning from home offices to traditional office buildings, driven by the demand for a wider choice of amenities and greater accessibility.

In the competitive landscape of the office market within Central Business Districts (CBDs), older buildings—previously classified as Grade A or B—are facing a decline in market appeal. This downturn is largely due to the emergence of modern buildings that employ competitive pricing strategies, which are convincing enough to influence tenants' decisions regarding lease renewals or relocations. Consequently, this poses a significant threat to the occupancy rates and rental performance of the older structures.

Over the preceding year, Knight Frank has observed an increasing trend in Asset Enhancement (AE), which has gained traction as a means to rejuvenate aging properties and ensure they stay competitive in the market. Previously, AE primarily focused on basic physical upgrades, but it now also includes the integration of advanced technologies and sustainable practices. These enhancements encompass incorporating LED lighting networks,

solar panel installations, optimizing HVAC technologies, and installing Indoor Air Quality (IAQ) sensors, etc. In addition to AE, improvements in Facility Management (FM) represent another avenue to enhance the overall value, market competitiveness of buildings as well as boosting tenant satisfaction. FM encompasses a broad spectrum of services aimed at maintaining and enhancing a building's functionality, safety, and comfort. Effective FM, as evidenced by a recent Knight Frank Workplace Strategy and Project Services survey, can enhance employee and customer attraction by up to 20%.



## GLOSSARY

### CENTRAL BUSINESS DISTRICT (CBD)

The CBD is the region in Bangkok with the greatest concentration of grade A office buildings, 5-star hotels and luxury shopping malls. Areas within the CBD are easily accessible via mass transit systems.

### GREEN BUILDINGS

The office buildings classified by green building certificates, including LEED and TREES.

### GRADE A BUILDINGS

By desirability, these prime properties command the highest market rent (top 20%). You will find them located in the Central Business District, within 500m of a mass transit station, and have a floor plate of at least 1,000 sq m.

### GRADE B BUILDINGS

The largest sector of the office market, these are the buildings that were traditionally in tremendous demand.

They might not be the most expensive properties in the market, but they represent good value for money.

### GRADE C BUILDINGS

Typically older properties, these buildings provide office space for rent at the most competitive rents in the market (bottom 40%).

### TAKE UP

Measures the total amount of previously available space and new supply leased by tenants during a given period. It is an indicator of the amount of recent leasing activity. It does not account for the amount of space vacated by tenants.

### SPACE VACATED

Measures the total amount of space vacated and not re-let during a given period.

### NET ABSORPTION

Measures the change in occupied space during a given period. Net absorption indicates the change in demand relative to the current supply available in the market. In other words, it is the total amount of space leased minus the total amount of space vacated by tenants.

### NOTE:

ALL FIGURES EXCLUDE MULTI-OWNER, OCCUPIED PREMISES AND OFFICE BUILDINGS WITH A TOTAL LEASABLE AREA OF LESS THAN 5,000 SQ M.

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### Thailand Market



Thailand Market Half Year 2023

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.



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