

Office

Q3 2024

An overview review of Bangkok's Office market in Q3 2024
by Knight Frank Thailandknightfrank.co.th/research

- Bangkok's office supply grew by 2.5% QoQ to 6.31 million sq m, with green-certified buildings now comprising 28% of the total stock. Leasing activity surged with 50,000 sq m of net absorption, fueled by strong demand for green buildings, which absorbed 80,000 sq m. Overall market occupancy fell to 76%, while the average asking rent increased by 3.0% QoQ to THB 841 per sq m per month. Looking ahead, 550,000 sq m of new supply projected for 2025 will heighten competition, emphasizing the importance of sustainability, innovation, and tenant-focused amenities.

Thailand's economy grew 3.0% YoY in Q3 2024, its fastest in two years, driven by strong investment, tourism, and exports, according to NESDC data. Growth was led by the service sector, while the industrial sector slowed, and agricultural production declined. Despite the positive performance, officials highlighted challenges in sustaining momentum due to high household debt, sluggish demand from China, and borrowing costs. After mounting government pressure, the central bank responded by cutting its policy interest rate to 2.25% in October. The government is set to convene on Tuesday to discuss additional stimulus measures, including the second phase of its "digital wallet" handout scheme.

The Business Sentiment Index (BSI) continued its decline in September 2024, with the manufacturing sector driving the recent downturn due to weak demand in electronics and plastics. While the non-manufacturing index remained stable, real estate confidence dropped amid economic uncertainty and high household debt, limiting property sales. However, the 3-month expected BSI saw a slight rise, supported by improvements in the construction and hospitality sectors, buoyed by government projects and the year-end tourism season.

151,000 sq m

Bangkok's total office supply expanded with the completion of One Bangkok Tower 3, Tower 4, and Rangsit Business Park, bringing the total to 6.31 million sq m.

1.1 million sq m

The projected supply pipeline with 640,000 sq m under construction.

50,000 sq m

Net absorption in Q3 2024, driven by strong leasing activity in both CBD and non-CBD locations.

76%

The overall market occupancy rate fell

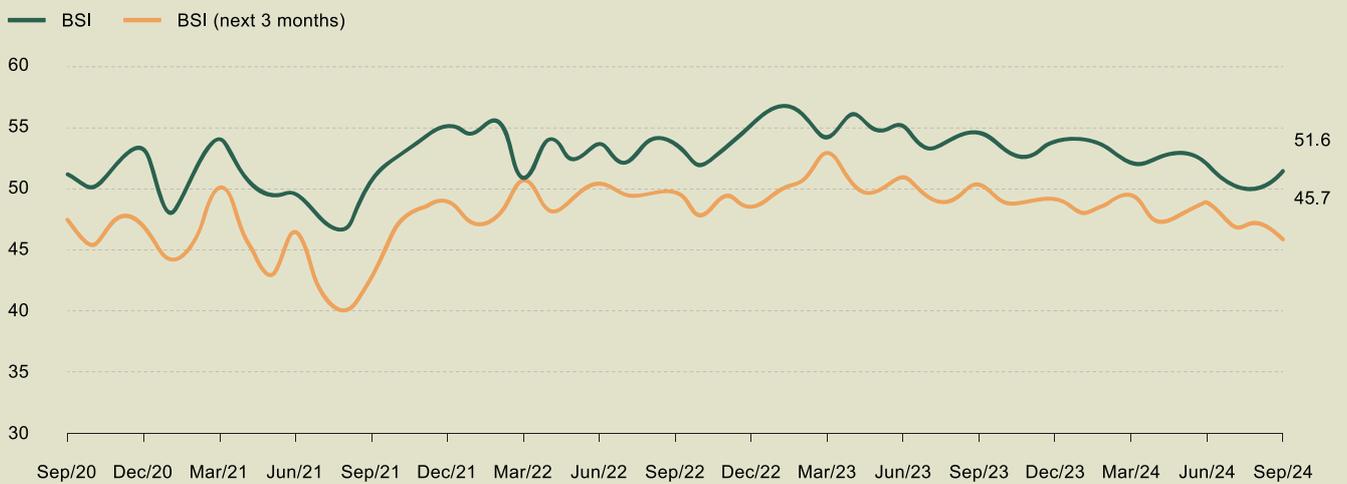
THB 841 per sq m

Average asking rent per month.

OFFICE PROPERTY MARKET INDICATORS

	6.31M SUPPLY (sq m)	4.81M OCCUPIED SPACE (sq m)	76.3% OCCUPANCY RATE	841.- ASKING RENT (THB / sq m / month)
% Change				
Q-o-Q	▲ 2.5%	▲ 1.0%	▼ 1.1% pts.	▲ 3.0%
Y-o-Y	▲ 5.6%	▲ 2.2%	▼ 2.6% pts.	▲ 3.6%

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 151,000 sq m, or by 2.5% QoQ, to 6.31 million sq m following the completion of One Bangkok Tower 3 and Tower 4 and

Rangsit Business Park. Consequently, green buildings increased from 26% to 28% of total supply. 54,000 sq m was withdrawn as 3 buildings were removed from the market.

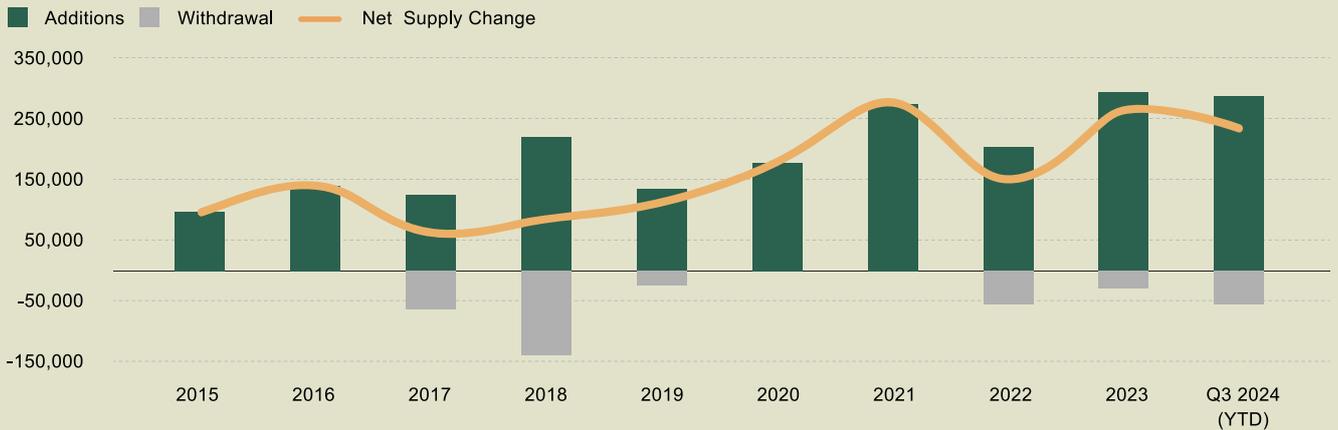
BANGKOK OFFICE SUPPLY CHANGE

	Q3 2024 (sq m)	Supply % Change		10 Yr. Avg. Growth Rate
		(Q-o-Q)	(Y-o-Y)	
Market	6,305,000	▲ 2.5%	▲ 5.6%	▲ 3.1%
Green	1,779,000	▲ 12.2%	▲ 21.5%	▲ 14.6%

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

BANGKOK OFFICE NET SUPPLY CHANGE

SQ M



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

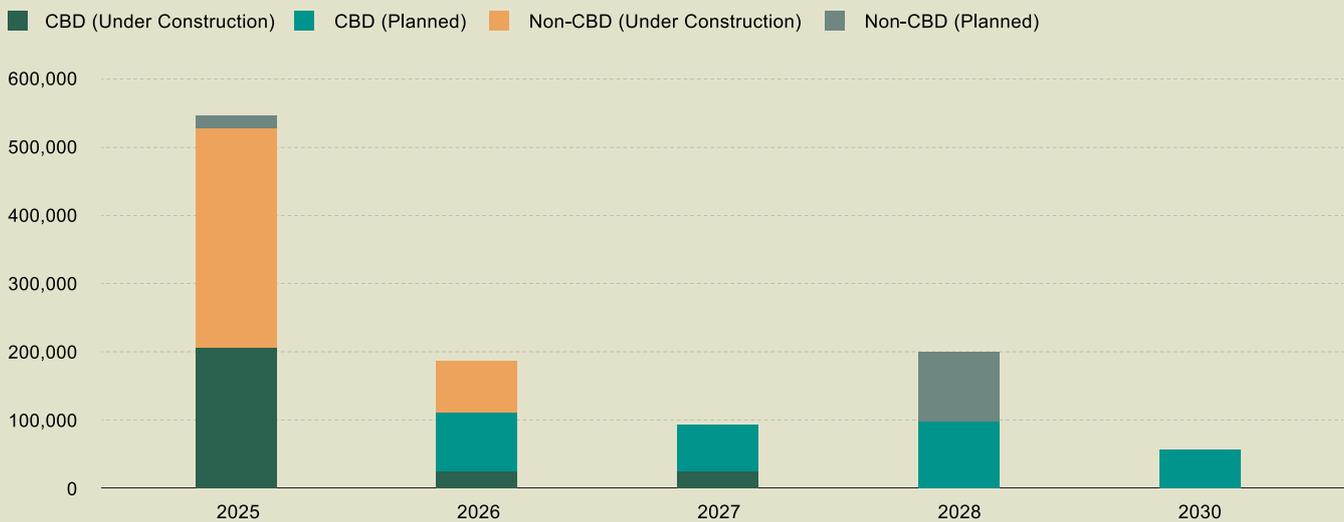
FUTURE SUPPLY

The total lettable area in the supply pipeline has decreased to 1.1 million sq m, reflecting the completion of new buildings and adjustments to future supply sizes. Of these 1.1 million sq m, 640,000 sq m are already under

construction. Current projections indicate that 2025 will see the largest influx, with an anticipated addition of 550,000 sq m to the market.

BANGKOK OFFICE FUTURE SUPPLY

SQ M

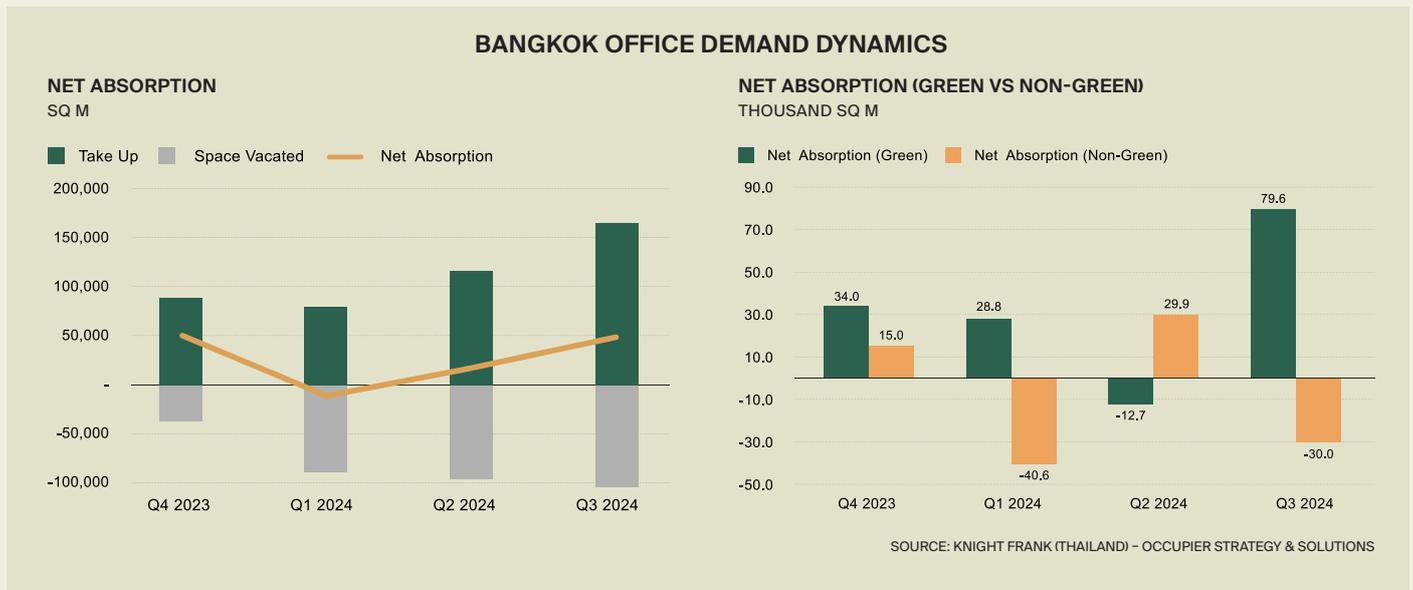


SOURCE: KNIGHT FRANK (THAILAND) - OCCUPIER STRATEGY & SOLUTIONS

DEMAND

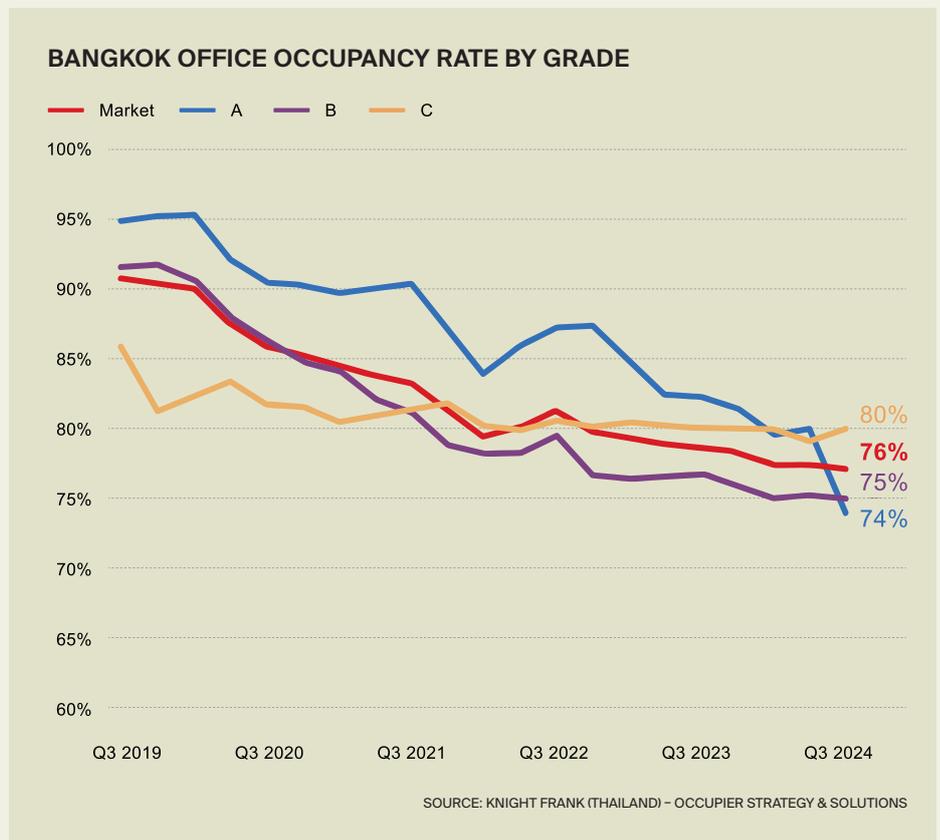
Leasing activity accelerated for the third consecutive quarter, with take-up expanding from the previous quarter to reach 164,000 sq m. Net absorption rose to 50,000 sq m, largely driven by strong leasing at One Bangkok. As a result, the total occupied space grew by 1% to 4.81 million sq m.

Green buildings captured the growing demand, achieving net absorption of 80,000 sq m, while Non-Green buildings saw a contraction of -30,000 sq m. Demand was positive across both CBD and non-CBD areas, with net absorption of 24,000 sq m and 26,000 sq m, respectively.



MARKET DYNAMICS BY SEGMENT

The overall market occupancy rate dropped to 76%, showing a slight decrease from the previous quarter. Among the different office grades, Grade A offices experienced a noticeable decline, with occupancy dropping from 80% to 74% due to increased supply and intensified competition. Grade B offices stayed relatively stable at 75%, remaining the worst performing segment. In contrast, Grade C properties were the only category to improve, with occupancy increasing from 79% to 80%. Unlike other building segments, Grade C stock remains relatively constant, as these properties are often subject to asset enhancement or removal from the market in response to challenging market conditions. Additionally, they continue to attract steady demand from cost-conscious tenants.

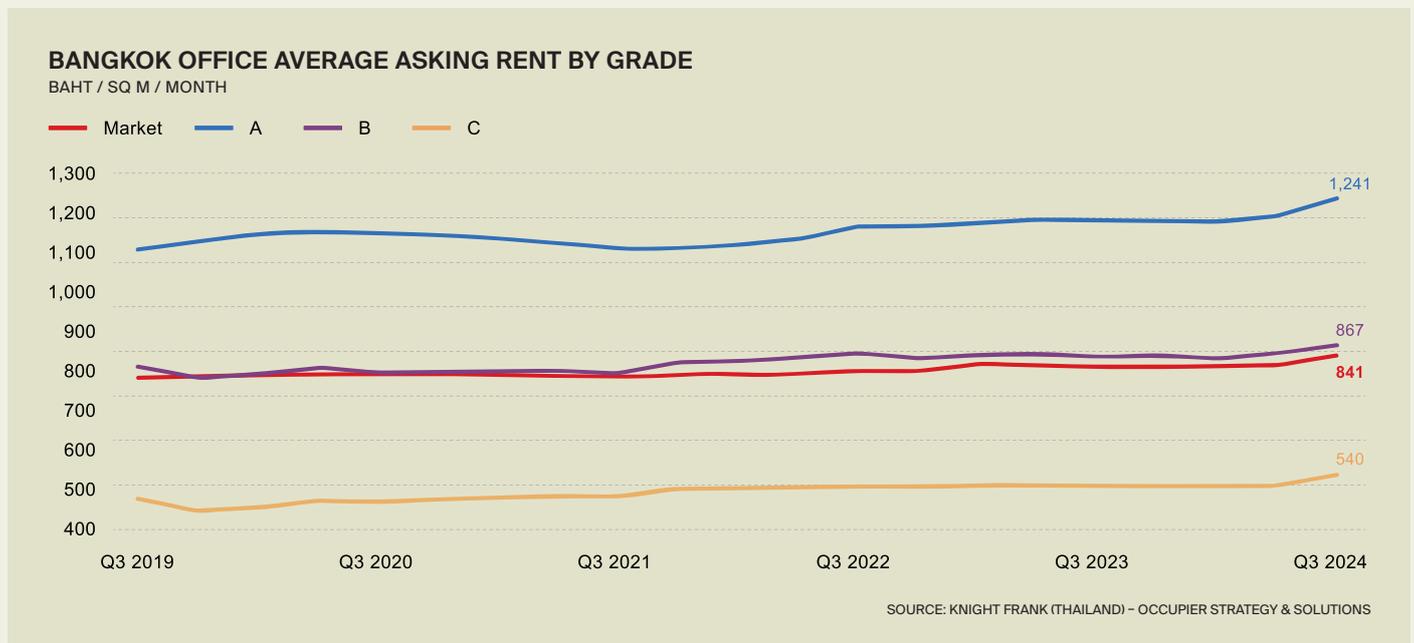


In Q3 2024, the average asking rent reached THB 841 per sq m per month, reflecting an increase of 3.0% QoQ and 3.6% YoY, slightly above the 10-year annual growth rate of 3.1%. The average asking rent increased across all grades. Grade A rents rose to THB 1,241 per sq m per month, increasing by 4.0% from the previous quarter. Grade B rents averaged THB 867 per sq m per month, growing by 2.6% QoQ. Grade C rents saw the most significant growth, increasing by 5.7% QoQ to THB 540 per sq m per month, reflecting the removal of underperforming supply in this segment rather than an increase in the asking rent at existing properties.

BANGKOK OFFICE OCCUPANCY RATE BY GRADE

	Occupancy Rate % Change			10 Yr. Avg. Occupancy Rate
	Q3 2024	(Q-o-Q)	(Y-o-Y)	
Market	76%	▼ 1.1% pts	▼ 2.6% pts	87%
Grade A	74%	▼ 6.5% pts	▼ 8.8% pts	91%
Grade B	75%	▼ 0.3% pts	▼ 1.8% pts	87%
Grade C	80%	▲ 0.6% pts	▼ 0.2% pts	85%

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



BANGKOK OFFICE AVERAGE ASKING RENT BY GRADE

BAHT / SQ M / MONTH

	Rent % Change			10 Yr. Annual Growth Rate
	Q3 2024	(Q-o-Q)	(Y-o-Y)	
Market	841	▲ 2.9%	▲ 3.6%	▲ 3.0%
Grade A	1,241	▲ 4.0%	▲ 5.1%	▲ 3.9%
Grade B	867	▲ 2.6%	▲ 3.5%	▲ 3.7%
Grade C	540	▲ 5.7%	▲ 6.2%	▲ 4.0%

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

MARKET DYNAMICS BY AREA

In the CBD, the average asking rent rose by 2.4% QoQ to THB 964 per sq m per month, while the average occupancy rate declined to 75%, falling by 3.2% QoQ. Silom-Sathorn-Rama IV led rental growth in the CBD, with rents surging by 7.5% QoQ to THB 969 per sq m with One Bangkok adding close to 200,000 sq m priced at THB 1,500. However, the area also experienced the steepest drop in occupancy, declining by 6.9% QoQ to 73%. In contrast, the Ploenchit-Chidlom-Wireless area saw stable performance, with occupancy

increasing slightly by 0.3% QoQ to 76%, alongside a modest rent rise of 0.5% QoQ to THB 1,090 per sq m. The Nana-Asoke-Phrompong area faced a minor rent decline of 0.8% QoQ to THB 938 per sq m, alongside a slight occupancy drop of 0.3% QoQ, ending at 79%.

In the Non-CBD market, the average asking rent remained relatively flat, inching up by 0.2% QoQ to THB 665 per sq m per month. The average occupancy rate improved, increasing by 1.9% QoQ to 77%.

Bangna-Srinakarin recorded the strongest performance in the Non-CBD, with rents rising by 1.0% QoQ to THB 618 per sq m and occupancy rising by 3.8% QoQ to 69%. Petchburi-Rama IX-Ratchada also reported slight rent growth of 0.2% QoQ to THB 722 per sq m and a marginal occupancy improvement of 0.3% QoQ to 80%, marking the highest occupancy rate in the Non-CBD market. Meanwhile, Phaholyothin-Viphavadi recorded a rent decline of 0.7% QoQ to THB 685 per sq m but saw a modest occupancy gain of 1.5% QoQ, ending at 75%.

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)
CBD	964	▲ 2.4%	▲ 2.7%	75%	▼ 3.2%	▼ 6.5%
Ploenchit - Chidlom - Wireless	1,090	▲ 0.5%	▲ 1.0%	76%	▲ 0.3%	▼ 5.6%
Nana - Asoke - Phrompong	938	▼ 0.8%	▲ 0.8%	79%	▼ 0.3%	▼ 2.9%
Silom - Sathorn - Rama IV	969	▲ 7.5%	▲ 6.3%	73%	▼ 6.9%	▼ 10.1%
Non - CBD	665	▲ 0.2%	0.0%	77%	▲ 1.9%	▲ 2.7%
Petchburi - Rama IX - Ratchada	722	▲ 0.2%	▼ 0.5%	80%	▲ 0.3%	0.0%
Phaholyothin - Viphavadi	685	▼ 0.7%	▼ 0.7%	75%	▲ 1.5%	▲ 0.5%
Bangna - Srinakarin	618	▲ 1.0%	▲ 1.1%	69%	▲ 3.8%	▲ 6.8%

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 Q3 2024	Net Absorption	
		Per Quarter	Per Annum
CBD	2,805,000	▲ 24,000	▲ 39,000
Ploenchit - Chidlom - Wireless	715,000	▲ 3,000	▲ 20,000
Nana - Asoke - Phrompong	511,000	▼ 2,000	▲ 8,000
Silom - Sathorn - Rama IV	1,292,000	▲ 22,000	▲ 4,500
Non - CBD	2,004,000	▲ 26,000	▲ 65,000
Petchburi - Rama IX - Ratchada	741,000	▲ 3,000	▲ 100
Phaholyothin - Viphavadi	412,000	▲ 8,000	▲ 10,000
Bangna - Srinakarin	282,000	▼ 2,000	▲ 3,000

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

REVIEW & OUTLOOK

In the third quarter of 2024, the Bangkok office market demonstrated steady momentum, driven by substantial supply additions and increased leasing activity. The completion of prominent projects like One Bangkok boosted the city's total office space to 6.31 million sq m, reflecting the growing prominence of large-scale, mixed-use developments in reshaping the city's skyline. Green-certified buildings further cemented their importance, now accounting for 28% of the total supply, as sustainability-focused developments gain traction. Demand showed encouraging signs of growth, with leasing activity nearly doubling compared to the previous quarter. An increasing number of tenants are transitioning their staff back to on-site

work, with some adopting full 100% in-office policies.

Looking ahead, the Bangkok office market faces a delicate balancing act between the substantial supply pipeline and evolving tenant demands. With an additional 1.1 million sq m of lettable space anticipated over the next few years, competition among landlords is expected to remain strong. This will likely drive further innovation in building design, services, and pricing strategies. Grade A properties, while commanding premium rents, will need to differentiate themselves through unique value propositions such as advanced amenities, wellness-focused design, and enhanced accessibility. For this reason, we are beginning to see the rise of

WiredScore and SmartScore certified properties reflecting the growing emphasis on digital infrastructure and smart building technology. These certifications, which assess and highlight a building's connectivity and smart capabilities, have become a key differentiator for landlords aiming to attract tech-savvy and innovation-driven tenants.

Next year is poised to be a pivotal period, with a record 550,000 sq m of new supply projected to enter the market. As these dynamics unfold, the focus at existing buildings will shift to tenant retention and the ability of landlords to maintain competitiveness in a market increasingly shaped by diverse tenant requirements.

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



Phanom Kanjanathiemthao

Chairman
+66 (0) 2 643 8223 Ext 124
phanom.kanjanathiemthao@th.knightfrank.com



Nattha Kahapana

Managing Director
+66 (0)2643 8223 Ext 300
nattha.kahapana@th.knightfrank.com



Panya Jenkitvathanalert

Executive Director,
Division Head of Office Strategy & Solutions
+66 (0) 2 643 8223 Ext 230
panya.jenkitvathanalert@th.knightfrank.com



Nopakit Lerthirunvibul

Senior Manager
+66 (0) 2 643 8223 Ext 241
nopakit.lerthirunvibul@th.knightfrank.com



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