

# Office

Q4 2023

An overview review of Bangkok's Office market in Q4 2023  
by Knight Frank Thailand

[knightfrank.co.th/research](https://knightfrank.co.th/research)

- **The office environments are undergoing a transformation in the post-pandemic era, with denser workspace being counterbalanced by a commitment to high-quality, wellness-centric design.**

Thailand's economic growth continued its slow recovery in Q4, with an expected growth rate of 2.4% in 2023, according to the Bank of Thailand. Private consumption remained the economic engine, driven by the service sector and improvements in labor income. However, tourism started to slow down due to lower than expected arrivals from China. Fixed capital investment also experienced moderate growth, while government expenditure contracted considerably as COVID-19 relief measures and stimulus packages were phased out. Moreover, the delay in the approval of the FY2024 budget expenditure Act is likely to decrease government investment until Q1 2024. On the external front, Thailand maintained a positive trade balance, due to an increase in exports of goods and services that surpassed a decline in imports.

On the financial stability front, the average headline inflation for 2023 is forecast to be 1.3%, which falls within the Bank of Thailand's target range of 2%. This lower inflation rate is attributed to the high base effect from last year, along with the

government's temporary energy subsidy. However, there is a risk of rising food prices due to El Niño and global supply chain disruptions, which could be exacerbated by the ongoing conflict in the Middle East and the Russia-Ukraine war, potentially exerting upward pressure on price levels in 2024. Meanwhile, following the policy rate hike, interest rates paid on loans have been observed to surpass those received from deposits. This trend is evident in the banking sector's increased net interest margin (NIM), which has risen from 2.6% in 2022 to 3.1% in 2023. Consequently, the tightening credit conditions are likely to impose constraints on new investments and corporate expansion.

The Business Sentiment Index (BSI) for December 2023 remained stable at 49.1, unchanged from the previous quarter. Confidence in total order books and production increased, while the employment and investment sub-indices declined. Meanwhile, the projected BSI for the next three months increased by 1.3 points to 53.9 across almost all components, particularly production and overall firm performance.

## 80,200 sq m

The total supply of office space in Bangkok increased from the completion of Siam Pathumwan House and Pier 111, as well as the re-entry of True Tower 2 to the market, bringing the total to 6.05 million sq m.

## 1.50 million sq m

is in the projected pipeline from 2022 to 2028.

## 40,400 sq m

Net absorption rose in Q4.

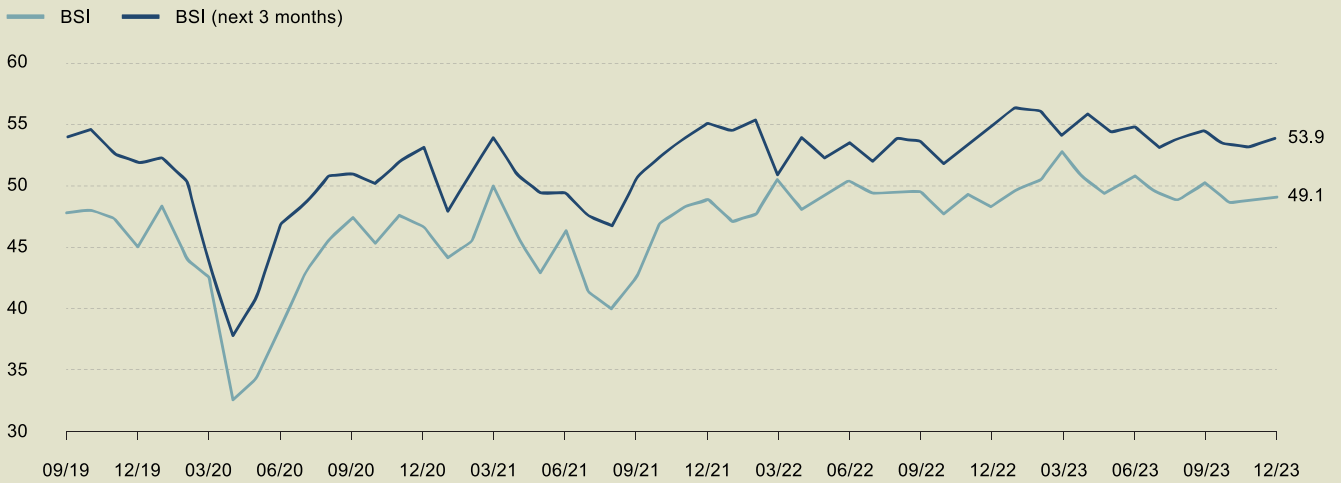
## 77.7%.

The overall occupancy rate declined by 0.6% pts QoQ

## OFFICE PROPERTY MARKET INDICATORS

	<b>6.05M</b> SUPPLY (sq m)	<b>4.70M</b> OCCUPIED SPACE (sq m)	<b>77.7%</b> OCCUPANCY RATE	<b>816.-</b> ASKING RENT (THB / sq m / month)
% Change				
<b>Q-o-Q</b>	▲ 1.3%	▲ 0.4%	▼ 0.6% pts.	▲ 0.2%
<b>Y-o-Y</b>	▲ 4.6%	▲ 2.5%	▼ 1.9% pts.	▲ 0.7%

## THAILAND BUSINESS SENTIMENT INDEX



SOURCE: BANK OF THAILAND

## SUPPLY

Bangkok's total supply of office space expanded this quarter by 80,200 sq m, or by 1.3% QoQ, to 6.05 million sq m. Two new buildings were launched in Q4, including the Siam Patumwan

House next to the Bangkok Art and Culture Centre and Pier 111 on Ratchadamri Road, while True Tower 2 re-entered the market. Of the total office space, the lettable area of green

office buildings increased by 3.6% QoQ, due to the addition of Siam Patumwan House, to 1,393,000 sq m, now accounting for 23% of the total market.

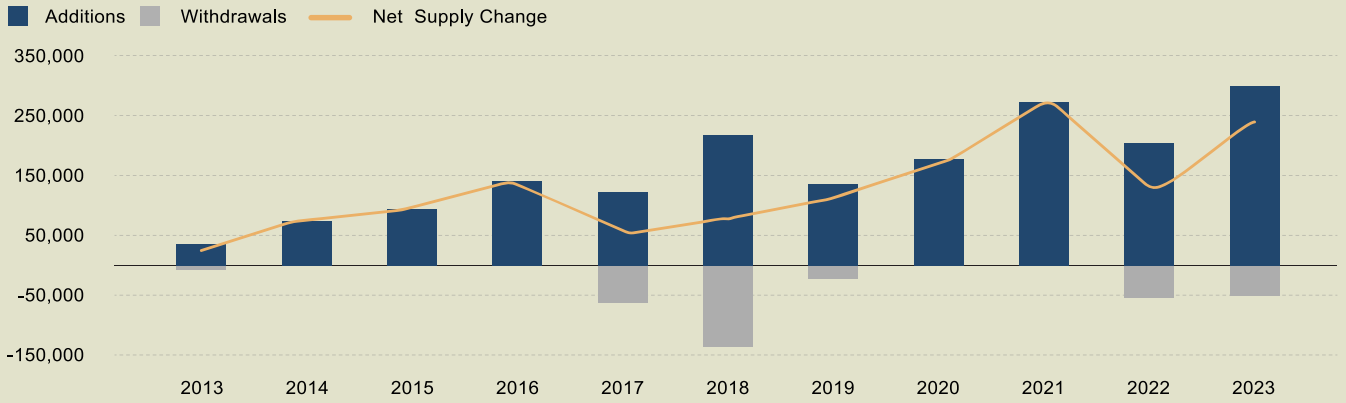
## BANGKOK OFFICE SUPPLY CHANGE

	Q4 2023 (sq m)	Supply % Change		10 Yr. Avg. Growth Rate
		(Q-o-Q)	(Y-o-Y)	
<b>Market</b>	6,051,000	▲ 0.4%	▲ 4.6%	▲ 2.7%
<b>Green</b>	1,393,000	▲ 3.6%	▲ 17.3%	▲ 17.3%

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

### BANGKOK OFFICE NET SUPPLY CHANGE

SQ M



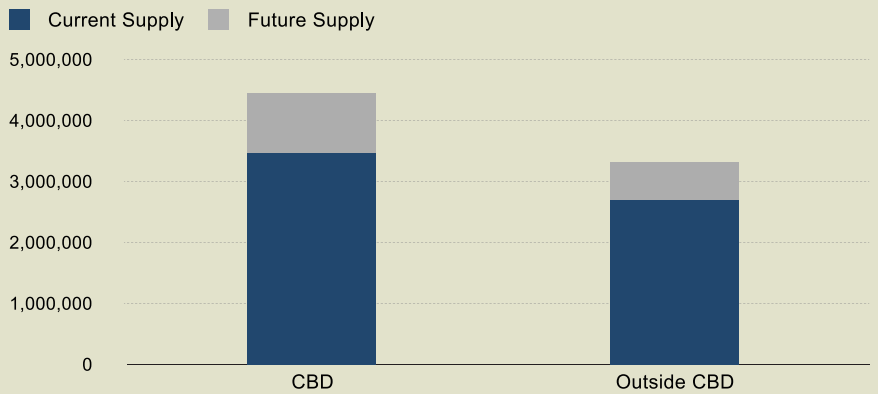
SOURCE: KNIGHT FRANK (THAILAND) - OCCUPIER STRATEGY & SOLUTIONS

### FUTURE SUPPLY

In Q4, no new developments were unveiled, with some projects being delayed to completion in the first half of 2024. Thus, the anticipated office space supply for the years 2024, 2025, and 2026 is projected to be 648,000 sq m, 365,000 sq m, and 373,000 sq m, respectively. The combined lettable area of all upcoming developments is forecast to reach 1.50 million sq m, which will comprise 25% of the current office space supply. Within this upcoming supply, 62% is concentrated in the CBD.

### BANGKOK OFFICE CURRENT AND FUTURE SUPPLY

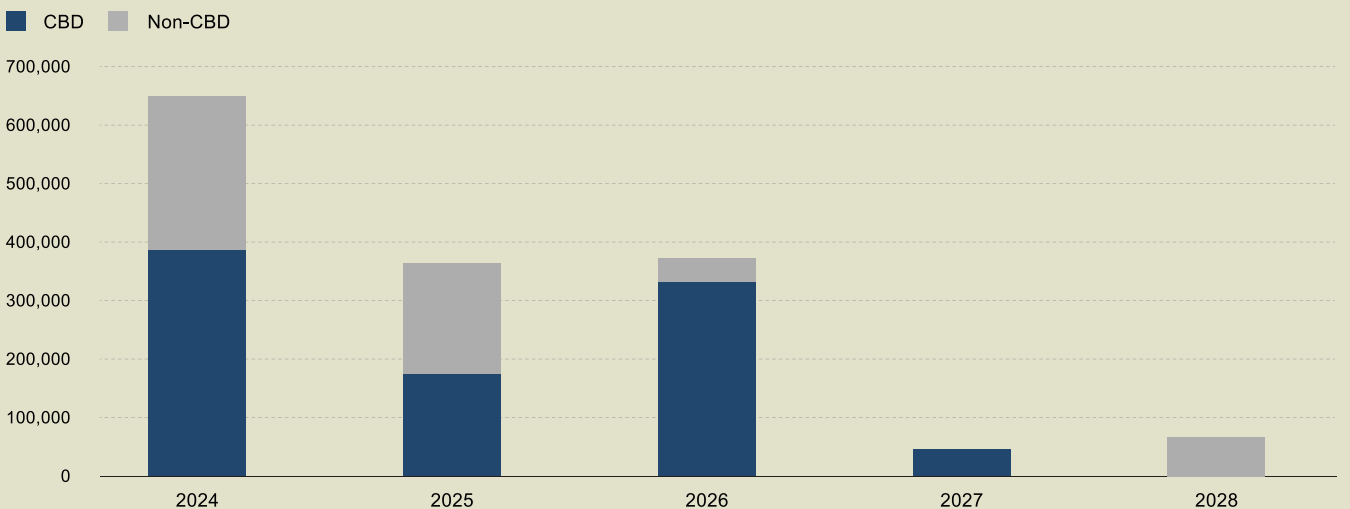
SQ M



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

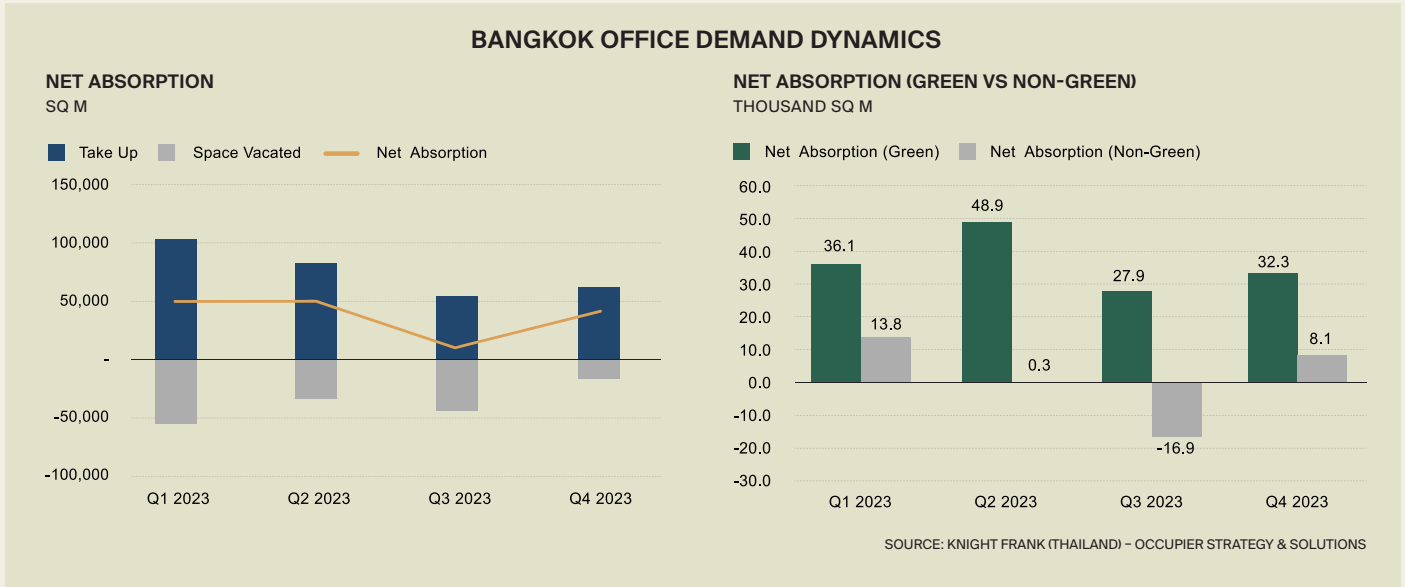
## DEMAND

The office market this quarter showed a net absorption figure of 40,400 sq m, which was significantly higher than the 11,000 sq m recorded in Q3 2023. In Q4, net absorption for green office space remained strong at 32,300 sq m, while that for non-green office space was lower at 8,100 sq m. The accumulated figures for 2023 trend also highlight a trend where new leases are prioritizing green office space, amounting to

145,300 sq m, in contrast to 5,200 sq m of office space without green certifications.

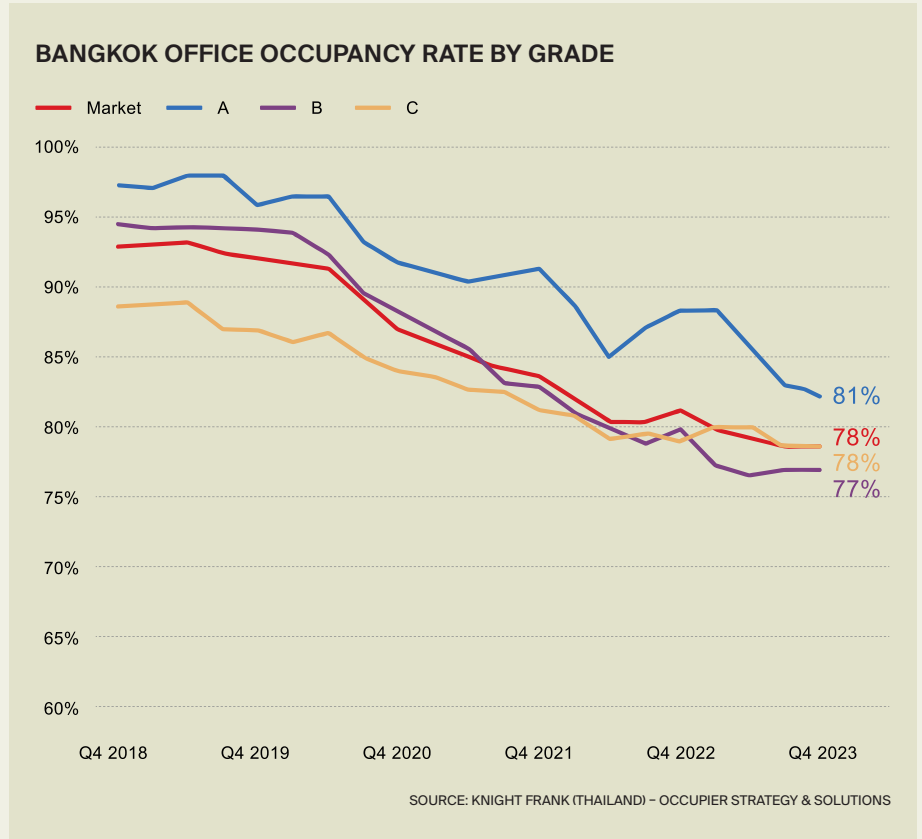
In this quarter, the office market in the Central Business District (CBD) demonstrated robust demand, with a net absorption of 24,100 sq m, which was notably stronger than the non-CBD areas, where the net absorption stood at 16,300 sq m. The demand in the CBD

was primarily driven by new buildings, indicating a preference for modern, up-to-date office spaces. In contrast, the demand in non-CBD areas showed a more mixed pattern, with interest spread across both new and older buildings, reflecting a diverse range of tenant needs and preferences outside the central district.



## MARKET DYNAMICS BY SEGMENT

The overall market occupancy rate experienced a modest downturn, dropping by 0.6 % pts YoY to 78%. In terms of specific grades, Grade A offices still held the highest occupancy rate at 81%, but they also witnessed the steepest annual decline. This decrease is attributed to the addition of new supply that outpaces demand and a trend towards rightsizing. Grade C offices followed with a 79% occupancy rate, marked by a 1.9% YoY decrease, a performance that aligned with the overall market trend. The lowest occupancy rate belongs to Grade B at 76%. However, Grade B offices saw signs of stabilization as their occupancy rate only fell by 0.5% YoY, following a significant decline previously.



Looking purely at the demand side, the total occupied space in the Bangkok office market increased by 40,400 sq m, reaching a total of 4.70 million sq m. Over the past year, all grades have shown positive net absorption. Grade A experienced the highest change in total occupied space at 86,200 sq m YoY, largely due to the inclusion of occupied space in newly completed buildings. Grade B offices followed with an increase in total occupied space of 53,300 sq m YoY, while the figure for Grade C stood at 10,900 sq m YoY. This indicates that there remains a consistent demand across all office grades, with a notable trend towards more premium, strategically located office spaces.

### BANGKOK OFFICE OCCUPANCY RATE BY GRADE

	Q4 2023	Occupancy Rate % Change		10 Yr. Avg. Occupancy Rate
		(Q-o-Q)	(Y-o-Y)	
<b>Market</b>	<b>78%</b>	▼ 0.6% pts	▼ 1.9% pts	<b>88%</b>
<b>Grade A</b>	<b>81%</b>	▼ 1.1% pts	▼ 6.6% pts	92%
<b>Grade B</b>	<b>76%</b>	▼ 0.5% pts	▼ 0.5% pts	88%
<b>Grade C</b>	<b>78%</b>	▼ 0.4% pts	▼ 1.9% pts	86%

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

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

SQ M - NEAREST HUNDRED

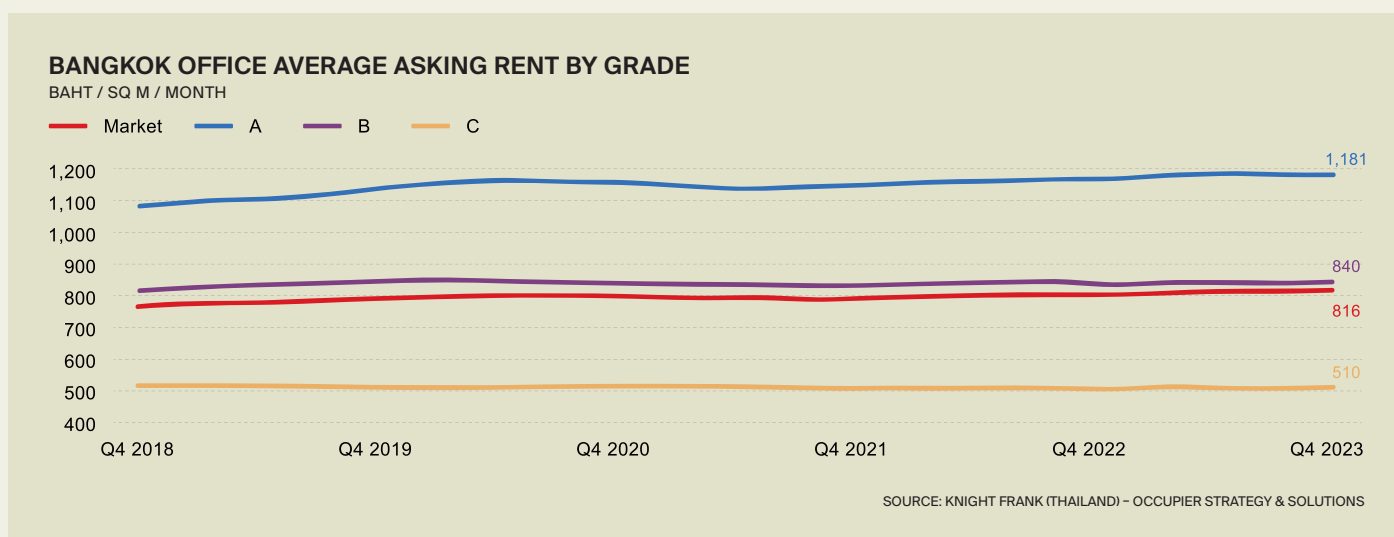
	Occupied Space as of Q4 2023	Net Absorption	
		Per Quarter	Per Annum
<b>Market</b>	<b>4,701,900</b>	<b>40,400</b>	<b>150,400</b>
<b>Grade A</b>	1,008,600	26,300	86,200
<b>Grade B</b>	2,400,000	7,900	53,300
<b>Grade C</b>	1,293,300	6,200	10,900

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

At the end of 2023, the office sector in Bangkok reported an average rent of THB 816 per square meter per month, indicating a stable pattern with a marginal decrease of 0.2% quarter-over-quarter (QoQ) and an expansion of 0.7% year-over-year (YoY). The

breakdown by office grades highlighted Grade A offices at THB 1,181, Grade B at THB 840, and Grade C at THB 510. The QoQ changes across all grades were minimal, registering under 0.5% growth for all segments. The YoY changes showed more pronounced

differences, with Grade A leading at a 1.1% increase, trailed by Grade B at 0.7%, and Grade C at 0.3%. However, the annual rental growth rates for all grades were still considerably below the 10-year average, primarily due to pressure on the supply side.



## BANGKOK OFFICE AVERAGE ASKING RENT BY GRADE

BAHT / SQ M / MONTH

	Q4 2023	Rent % Change		10 Yr. Annual Growth Rate
		(Q-o-Q)	(Y-o-Y)	
<b>Market</b>	<b>816</b>	<b>▲ 0.2%</b>	<b>▲ 0.7%</b>	<b>▲ 3.1%</b>
<b>Grade A</b>	<b>1,181</b>	<b>▲ 0.1%</b>	<b>▲ 1.1%</b>	<b>▲ 3.9%</b>
<b>Grade B</b>	<b>840</b>	<b>▲ 0.2%</b>	<b>▲ 0.7%</b>	<b>▲ 2.7%</b>
<b>Grade C</b>	<b>509</b>	<b>▲ 0.4%</b>	<b>▲ 0.3%</b>	<b>▲ 1.4%</b>

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

## MARKET DYNAMICS BY AREA

In the CBD of Bangkok, the average rental rate for properties saw a modest increase of 0.5% QoQ, reaching THB 935 per sq m per month. However, this period continued to witness a decline in the average occupancy rate, falling by 1.5% QoQ to 80%. Across the CBD, net absorption amounted to 24,100 square meters per quarter, accumulating to 71,900 square meters over the past year. All major sub-markets within the CBD experienced minimal movement in both rents and occupancy rates on a QoQ basis. On a YoY basis, the Ploenchit-Chidlom-Wireless area recorded the highest increase in rents, at 4.0% YoY, followed by the Silom-Sathorn-Rama IV area at 2.1% YoY. Meanwhile, the Nana-Asoke-Phrompong area saw the most significant drop in occupancy rates,

declining by 3.2% YoY, primarily due to weaker net absorption at -7,400 sq m and new supply pressures.

Office spaces located outside the CBD experienced a slight decrease of 0.2% QoQ in the average asking rent, settling at THB 662 per square meter per month, while the average occupancy rate saw a modest increase of 0.5% QoQ, reaching 74%. In terms of demand, the non-CBD areas saw higher net absorption than the CBD, recording a net absorption of 33,900 sq m in Q4 and a substantial 96,100 sq m for the entire year. The movement in rents and occupancy rates in all major sub-markets outside the CBD was limited quarterly, except for the Phaholyothin-Viphavadi area, which posted a more substantial occupancy

increase of 1.2% QoQ. Year-over-year, the Phaholyothin-Viphavadi area also showed resilience with a rental rate growth of 0.3% and a surge in occupancy rates by 4.2%, supported by an annual net absorption of 35,000 sq m. In contrast, the weakest performance was seen in The Petchburi-Rama IX-Ratchada area, which experienced a 0.9% YoY decline in rental rates, coupled with a 1.1% YoY loss in occupancy.

## 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>929</b>	<b>▲ 0.5%</b>	<b>▲ 2.2%</b>	<b>80%</b>	<b>▼ 1.5%</b>	<b>▼ 3.3%</b>
Ploenchit - Chidlom - Wireless	1,055	0.0%	▲ 4.0%	79%	▲ 0.4%	▼ 2.8%
Nana - Asoke - Phrompong	925	▲ 0.1%	▲ 0.8%	82%	▲ 0.7%	▼ 3.2%
Silom - Sathorn - Rama IV	910	▼ 0.2%	▲ 2.1%	82%	▼ 0.4%	▼ 1.6%
<b>Non - CBD</b>	<b>660</b>	<b>▼ 0.2%</b>	<b>▼ 1.4%</b>	<b>74%</b>	<b>▲ 0.5%</b>	<b>▲ 0.9%</b>
Petchburi - Rama IX - Ratchada	725	0.0%	▼ 0.9%	80%	▲ 0.1%	▼ 1.1%
Phaholyothin - Viphavadi	690	▲ 0.1%	▲ 0.3%	76%	▲ 1.2%	▼ 4.2%
Bangna - Srinakarin	584	▼ 0.2%	▼ 0.7%	64%	▼ 0.2%	▼ 0.4%

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 Q4 2023	Net Absorption	
		Per Quarter	Per Annum
<b>CBD</b>	<b>2,768,800</b>	<b>24,100</b>	<b>71,900</b>
Ploenchit - Chidlom - Wireless	501,900	2,400	32,00
Nana - Asoke - Phrompong	507,000	4,600	-7,600
Silom - Sathorn - Rama IV	1,284,000	-6,000	22,200
<b>Non - CBD</b>	<b>1,933,100</b>	<b>33,900</b>	<b>96,100</b>
Petchburi - Rama IX - Ratchada	742,300	1,200	-10,900
Phaholyothin - Viphavadi	408,300	6,600	35,000
Bangna - Srinakarin	237,700	4,900	3,100

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

## OUTLOOK

In the latest quarter of 2023, the Bangkok office sector continued to navigate through supply-side headwinds. The average occupancy rate in the market experienced a decrease of 0.6% QoQ, settling at 77.7%, while rental prices remained stable, showing a marginal growth of 0.2% QoQ to THB 816 per square meter per month. Looking ahead to 2024, there is a potential influx of up to 650,000 square meters of office space coming to the market. However, the future to current supply ratio experienced a decline, dropping to 25% at the end of 2023, down from 30% at the end of the previous year. This decrease suggests a shift in developer strategies to a more cautious 'wait and see' approach, which in turn is expected to ease new supply pressure in the market.

In the post-pandemic era, office trends across the Asia-Pacific region are evolving, with re-densification emerging as a prominent trend. As the risk of infection lowers, many companies are looking to increase office density. According to a recent

study by Knight Frank and Cresa, over 40% of corporate respondents anticipate an uptick in office density, a figure that has doubled since 2021. This trend is consistent across various sectors and firms of different sizes, aiming for a more efficient office footprint. However, this shift may result in lower worker satisfaction, which firms aim to mitigate through thoughtful design choices. Some of the measures include enhancing natural lighting, improving ventilation systems, as well as making other areas within the office environment more spacious, balancing the overall office ambiance and functionality.

While the trend of re-densification takes hold in the workplace, there is a concurrent emphasis on wellness, with expectations leaning towards an increase in high-quality office space. Another recent survey by Knight Frank and Cresa revealed a significant shift, with 51% of respondents in 2023 prioritizing quality space, up from 37% two years prior. The focus is on comprehensive wellness offerings,

with priorities including enhanced food and beverage options, mental health considerations, and fitness facilities. It is evident that the concept of wellness has become more holistic, extending beyond physical to mental well-being, particularly in the aftermath of the pandemic. Companies are now incorporating features such as dedicated quiet zones, on-site counseling, and verdant green space to support this shift. These features are especially valued by the millennial workforce and are seen as key factors in attracting and retaining talent.



## 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.

## Recent Research

**Thailand Research Office**

Amid rising competition, landlords are boosting their offerings with a focus on customized, built-to-suit, and ready-to-move-in solutions, gaining more prominence over the past year.

OFFICE PROPERTY MARKET STATISTICS	Q1-Q2 2023	Q1-Q2 2022	Q1-Q2 2021	Q1-Q2 2020
Office supply	5,97M	4,68M	79.3%	\$13.1B
Office demand	1.2M	1.2M	100%	1.2M
Office vacancy	5.0%	4.1%	19.2%	9.1%
Office absorption	4.7%	3.4%	70.6%	2.1%

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.



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



**Nattha Kahapana**  
Managing Director  
+66 (0) 2 643 8223 Ext 300  
nattha.kahapana@th.knightfrank.com



**Marcus Burtenshaw**  
Executive Director,  
Head of Occupier Strategy & Solutions  
+66 (0) 2 643 8223 Ext 104  
marcus.burtenshaw@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



Knight Frank Thailand Research provides strategic advice, consultancy services and forecasting to a wide range of clients worldwide including developers, investors, funding organisations, corporate institutions and the public sector. All our clients recognise the need for expert independent advice customised to their specific needs. Important Notice: © Knight Frank Thailand 2021. This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank Thailand for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank Thailand in relation to particular properties or projects. Reproduction of this report in whole or in part is not allowed without prior written approval of Knight Frank Thailand to the form and content within which it appears. Our registered office is 33/4, The 9th Towers, Grand Rama 9, Tower A, 31st Fl., Unit No. TNA 01-04 Rama 9 Road, Huaykwang District, Bangkok 10310 Thailand.