

Bangkok Office

Office rentals off 26 pct

Total net new take-up of office space this year is anticipated at 150,000 square metres, just half the average between 2000 and 2005, according to international consultants CB Richard Ellis.

Take-up refers to office occupancy and signed leases.

Nithipat Tongpun from CBRE Thailand said the total net new take-up in the first nine months of the year was 122,000 sq m and the whole year's take-up was estimated at 150,000 sq m, 26% lower than last year.

The low take-up was a result of delayed expansion plans a low number of new start-ups due to a weak economy, political uncertainty and concerns about foreign ownership of companies in the services sector.

"If the economy improves and the government promotes foreign investment in services industries, then we could see a return to a level of demand for office space of around 300,000 sq m per year," said Mr Nithipat.

The total office supply in Bangkok was 7.47 million sq m at the end of the third quarter of 2007. The overall vacancy rate was 11.9% and the grade A central business district vacancy rate was 6.6%.

Four new buildings, The Trendy on Sukhumvit 13, CyberWorld Tower on Ratchadaphisek Road, Athene Tower on Wireless Road and East Water on Vibhavadi-Rangsit Road would be completed by the end of 2007 adding 141,000 sq m to the office stock.

In 2008, CBRE forecast at least 165,000 sq m of new supply entering the market.

Source: Bangkok Post
Posted: December 4, 2007