

# Brighter Outlook for Hospitality and Commercial Sectors, but Residential Market Remains Weak

1.5% y-o-y ▲ +1.6% q-o-q ▲ +15.7% q-o-q  
GDP CCI (March 2024) Tourism

## QUARTERLY HIGHLIGHTS

- **Residential:** Fewer new launches in downtown and midtown areas reflect the subdued Bangkok condominium market. Developers remain focused on selling existing inventory rather than launching new projects, with around 50,000 units set to be completed by 2024.
- **Office:** New supply continues to impact occupancy rates, falling by 1.1pps Q-o-Q to 82.2%, Grade A+ rents held but Grade A CBD rents dropped by 1.1% Q-o-Q. Average Grade A+/A rents fell 0.5%.
- **Retail:** Another positive quarter compared to the same period in 2023. Positive sales momentum from holiday season and domestic government stimulus measures contributing substantially to retail performance.
- **Hotel:** Hotel performance continued to see improvements in all key indicators compared to the previous quarter. The hotel occupancy rate in Q1 2024 was 76.1%, increasing by 3.7 percentage points Q-o-Q while Average Daily Rate (ADR) increased to THB 4,289, growing 2.0% Q-o-Q.
- **Industrial & Logistics:** Thailand’s industrial market is experiencing sustained demand, across all three types of industrial property.
- **Economic:** GDP in Q1 2024 grew to 1.5% Y-o-Y from 1.7% Y-o-Y in the previous quarter.

TABLE 1: Quick Statistics

Condominium	Q1 2024	q-o-q	y-o-y
New Launch - Downtown	106 Units	-95.6%	-41.4%
New Launch - Midtown	6,070 Units	-47.1%	-52.1%
Office	Q1 2024	q-o-q	y-o-y
Avg. Grade A+,A CBD Rent	THB 1,020	-0.5%	-2.9%
Overall Occupancy	82.2%	-1.1 pps	-1.9 pps
Retail	Q1 2024	q-o-q	y-o-y
Rent	THB 2,000-5,500	+0%	+0%
Occupancy	95.3%	-0.1 pps	-0.2 pps
Hotel	Q1 2024	q-o-q	y-o-y
ADR	THB 4,289	+2.0%	+4.7%
Occupancy	76.1%	+3.7 pps	+4.6 pps

# Residential - Condominium

▲ +2.2% y-o-y

Downtown Condominium Supply

▲ +3.9% y-o-y

Midtown Condominium Supply

▲ +1.6 pp q-o-q

Downtown Sale Performance of Future Units

▲ +6.0 pp q-o-q

Midtown Sale Performance of Future Units

## Activity in downtown market remains limited only one project launch

- Only one new project with 106 new units launched, compared to 181 units in Q1 the previous year. This is the first project launched in the Sukhumvit area since 2022.
- The sales performance of existing unsold units in downtown continues to increase to 92.1% (from 91.7%). Majority of unsold units are in Sukhumvit in the high-end segment.
- Out of 11,894 future condominium units, 51.2% of future supply has been sold, a slight increase from last quarter. Sukhumvit has the highest number of unsold units, while the High-end grade accounts for the largest proportion of unsold units by grade.
- The average price of freehold future downtown condos increased 3.1% YoY to THB 290,875 per sqm.

## Fewer new launches in Midtown & Suburban but improved condominium sales

- The midtown/suburban condominium market saw 6,070 newly launched units, a significant drop compared to 12,470 units last year. Most new projects are in Sai Mai/Kaset Nawamin/Min Buri, near future mass transit stations.
- 7,105 midtown/suburban condominium units completed this quarter, compared to 4,155 units in same period last year following record new launches in 2022.
- Sales performance of future supply surged to 62.9% sold, from 56.9%, out of 105,415 total units. Thonburi had the highest sales rate.

FIGURE 1: Newly Completed Condominiums in Bangkok, 2014-2027F



Source: CBRE Research, Q1 2024

## Outlook

- Given the highly competitive market, developers are focusing on creating unique selling points to distinguish their projects.
- There has been an increase in pet-friendly projects launched in midtown/suburban areas, while the downtown area may see more project launches than last year. Projects are likely to focus on larger unit sizes but with a lower number of units per project.

# Residential - Housing

▼ -58.3% q-o-q

Newly Launched Low-Rise Housing Units by Top Listed Developers

▼ -48.5% q-o-q

Land Allocation Permits in BMR (plots)

▼ -0.2% q-o-q

Construction Material Price Index

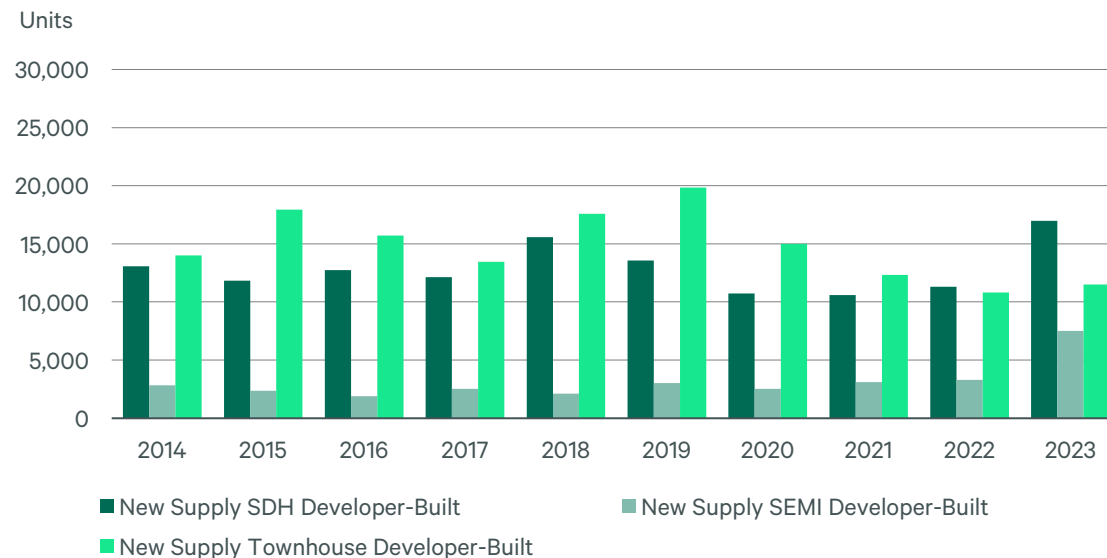
## Surge in newly launched luxury projects

- For the Luxury (THB 30.1-70 million) and Ultra Luxury (THB 100 million and above) segments, launches totaled 418 and 8 units respectively, spread across nine projects by various listed and non-listed developers.
- No new projects were launched in the Super Luxury segment (THB 70-100 million).
- The total number of newly launched units in the luxury and above segments saw a significant increase, up 82.8% Q-o-Q and 197.9% Y-o-Y. Of the total luxury housing supply.
- The Eastern Suburbs (including Mueang Samut Prakan, Bang Phli, and Bang Sao Thong) remained a favored location, accounting for 45% of the total luxury and above supply this quarter with 190 units.

## Unsold inventory reaches record highs while sales rate remains slow

- The amount of unsold inventory increased by 8.8% H-o-H with Y-o-Y growth of 8.6%. This increase resulted in a total of 126,247 units remaining unsold, marking the largest increase in unsold inventory since 2020. On average, there has been a modest 1.6% increase in unsold inventory on a H-o-H basis from H1 2020 – H1 2023.
- In addition to the rise in unsold properties, the sales rate in the housing market has remained slow. In this quarter only 22,987 units were transferred, reflecting a significant decrease of 18.2% Y-o-Y compared to the same period last year.
- This decline in transfer activity can be attributed to several contributory challenges facing homebuyers, most importantly rising, household debt and rising interest rates have resulted in increased mortgage rejection rates.

FIGURE 2: Newly Completed Developer-Built Supply Completed in the BMR, by Type, 2014–2023 (Latest available data)



Source: CBRE Research, Q1 2024

# Residential – Serviced Apartment

▲ +0.2% q-o-q

Serviced Apartment Supply

▲ +3.3 pp q-o-q

Occupancy Rate

▼ -76.8% q-o-q

Future supply

Note: two future buildings have been moved to hotels

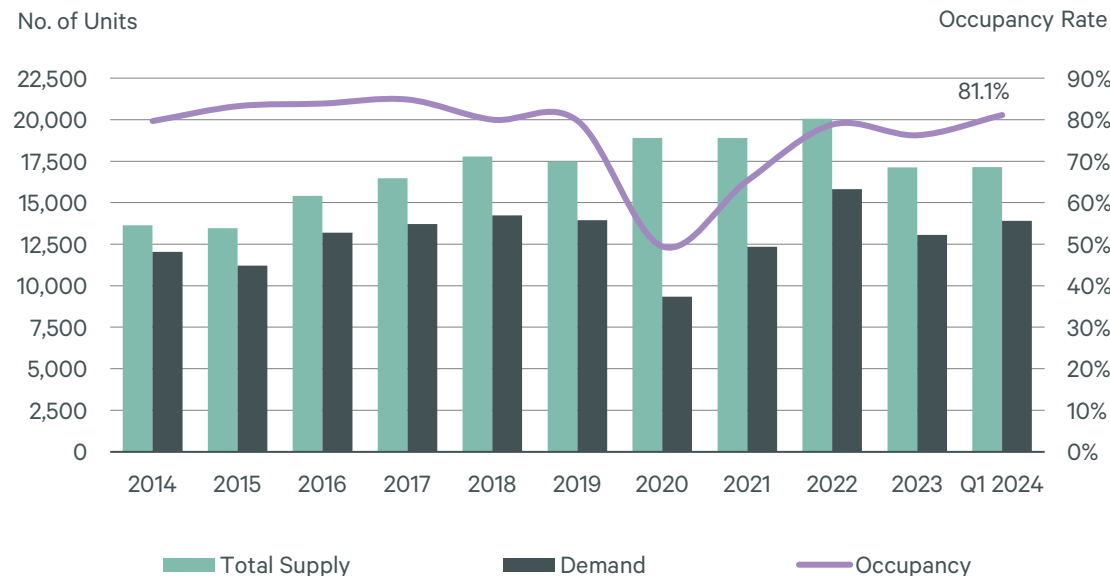
▲ +7.3% q-o-q

Average Grade A Rental Rate

## 90% occupancy rate in Central Lumpini/Siam Area

- The total supply in downtown Bangkok stood at 17,145 units with one addition: Marriott Executive apartment, Bangkok Townhall Sukhumvit (267 keys) located in Sukhumvit 49.
- The overall occupancy rate increased by 3.3 percentage points q-o-q to 81.1%. The highest occupancy rate is in Central Lumpini/Siam, likely benefitting from increased tourist numbers.
- Central Lumpini/Siam was the only area with an increased in occupancy rate from the previous quarter. The area achieved the highest occupancy rate in Bangkok at 90%. Sukhumvit, however, had a 0.8 percentage points drop to 78.4%. This was due to the newly completed building of 267 keys which was added to the supply basket. Silom/Sathorn also experienced a decrease of 3.2 percentage points to 78.1%.
- The average asking rent for Grade A serviced apartments is THB 1,163 per square meter per month; the highest in Sukhumvit, followed by Silom/Sathorn and Central Lumpini/Siam.
- Internationally branded residences accounted for 32.5% of all serviced apartments in Bangkok, with Ascott leading the market share at 25% and Chatrium Hotels and Residences led the Thai brand-operated service apartment at 6.5% market share.
- There are four serviced apartment projects under construction which are expected to add 504 units to the total supply by 2027.
- One-bedroom units were the most popular unit type for serviced apartments, representing 47.9% of CBRE Thailand Residential Leasing serviced apartment transactions, followed by the studio type at 30%.

FIGURE 3: Supply, Demand, and Occupancy Rate, 2014- Q1 2024



Source: CBRE Research, Q1 2024

# Residential - Apartment

▲ +1.9% q-o-q  
Expatriates in Bangkok

▲ +0.2% q-o-q  
Total supply

▲ +0.7 pp q-o-q  
Occupancy Rate

▲ +11.7% q-o-q  
Average Grade A Rental Rate

## Chinese expatriate population remains no.1

- As of Q1 2024, in Bangkok, the expatriate population increased by 1.9% from the previous quarter to 94,460 of which 19.8% are Chinese expatriates, and 14.1% are Japanese.
- Chinese nationals have continued to hold the position as the largest expatriate group in Thailand comprising 19.8% of all expatriates followed by Japanese at 14.1%. The top industries employing are manufacturing, export/retail/automotive, and real estate services and leasing.

## High occupancy grows along with rents

- There are 9,715 apartment units in downtown Bangkok and the overall occupancy rate increased to 92.3%.
- In this quarter, there were two new completions: Sathorn 111 (18 units) and THE KNIGHT Sukhumvit 31 Residence (30 units), both of which are renovations from old apartment buildings.
- Due to its connectivity and convenience, the Sukhumvit area continued to be the most popular residential area for expatriates and the area has most of the apartment supply, accounting for 81.7% of apartment units in downtown Bangkok. Grade A apartments in Sukhumvit have the highest average asking rent of THB 601 per square meter per month.
- Large unit sizes, particularly three-bedroom apartments, remained the most popular unit type, accounting for 47.6% of total apartment transactions by the CBRE Thailand Residential Leasing Team.
- We think that older projects will continue to be renovated to meet current demand and some owners may opt to converted their buildings into serviced apartments or hotels. In both cases the renovations or conversions will enable owners to achieve higher rents and compete with newer buildings.

FIGURE 4: Total Expatriates in Thailand by Nationality from, 2014-Q1 2024

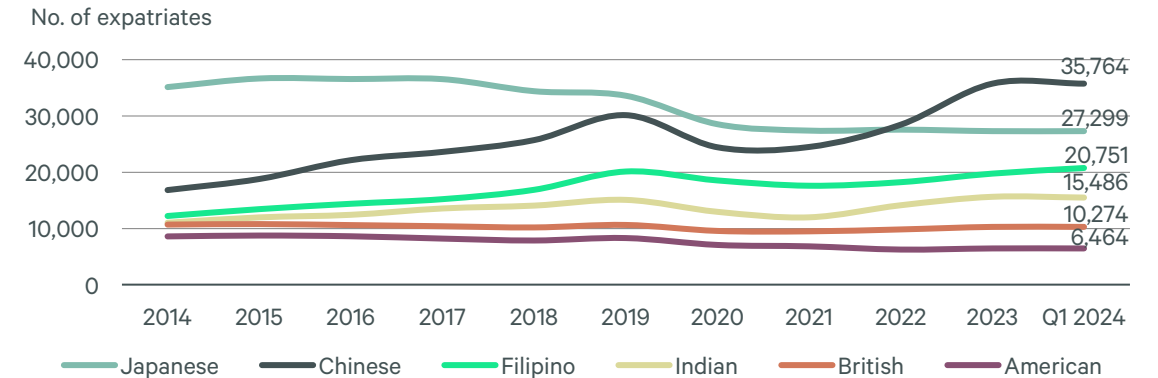
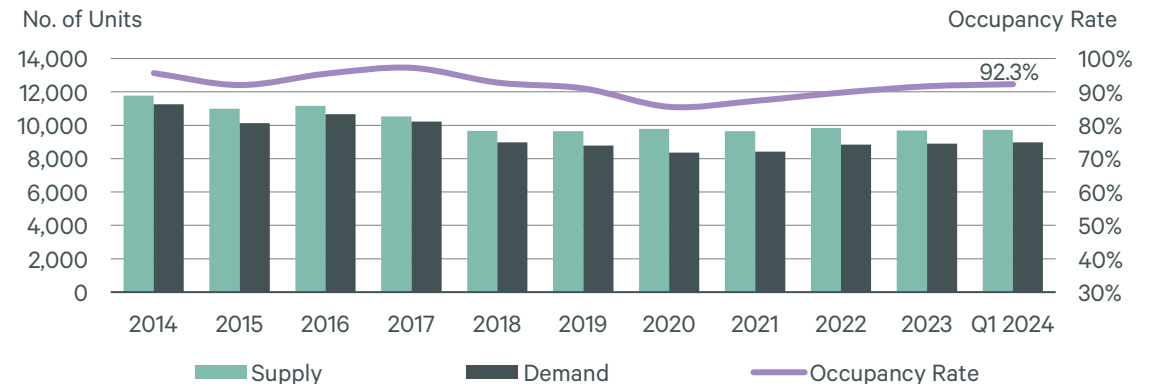


FIGURE 5: Apartment Supply, Demand, and Occupancy Rate, 2014- Q1 2024



Source: CBRE Research, Q1 2024

# Office

▲ +0.9% q-o-q

Bangkok Office Supply

▼ -0.4% q-o-q

Total Take-up

▼ -1.1% q-o-q

Overall Occupancy

▶ 0.0% q-o-q

Average Grade A+ Rent

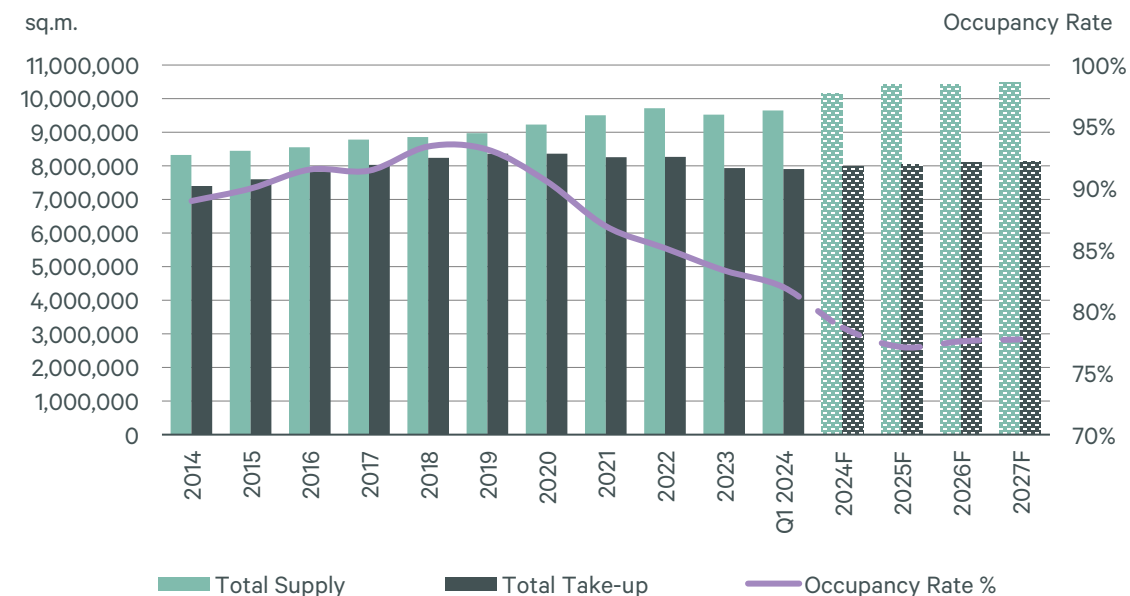
## Occupancy drops as first tower in One Bangkok opens

- Office supply increased to 9,610,177 square meters, due to the completion of One Bangkok Tower 4 which added a total of 96,302 square meters to the overall office space.
- There was a negative net take-up in Q1 2024, primarily because major tenants in Grade B office space in the CBD relocated to owner-occupied and noncommercial buildings. Overall, net take-up this quarter totaled -13,761 square meters.
- Total occupied space dropped to 7,903,572 square meters from 7,934, 981 square meters in the previous quarter.

## Older Grade A buildings suffer rental decline as tenants relocate to newer buildings

- Average rental rates remained stable in all submarkets except for Grade A, both within and outside of the CBD. The average rental rate of Grade A CBD fell by 1.1% Q-o-Q and the average rental rate of Grade A Non-CBD fell by 1.3% Q-o-Q as of Q1 2024.
- 830,836 square meters of office space is under construction and scheduled to be completed by 2027. Approximately 280,000 square meters of Grade A office space is expected to be completed in the CBD this year.
- The increase in supply will lead to a rise in vacancy rates, continuing to place downward pressure on rental rates throughout the year. Landlords of older buildings in all areas will be compelled to make concerted efforts, including renovations and rent reductions, to retain existing tenants and attract new ones.

FIGURE 6: Total Supply, Take-Up and Occupancy Rate of Bangkok Office, 2014 – 2027F



Source: CBRE Research, Q1 2024

# Retail

▶ **0.0% q-o-q**  
Supply

▶ **0.0% q-o-q**  
Demand (Take-up)

▲ **+1.6% q-o-q**  
Consumer Confidence Index (March 2024)

▲ **+8.2% q-o-q**  
Retail Sales Index (December 2023)  
(Latest Available Data)

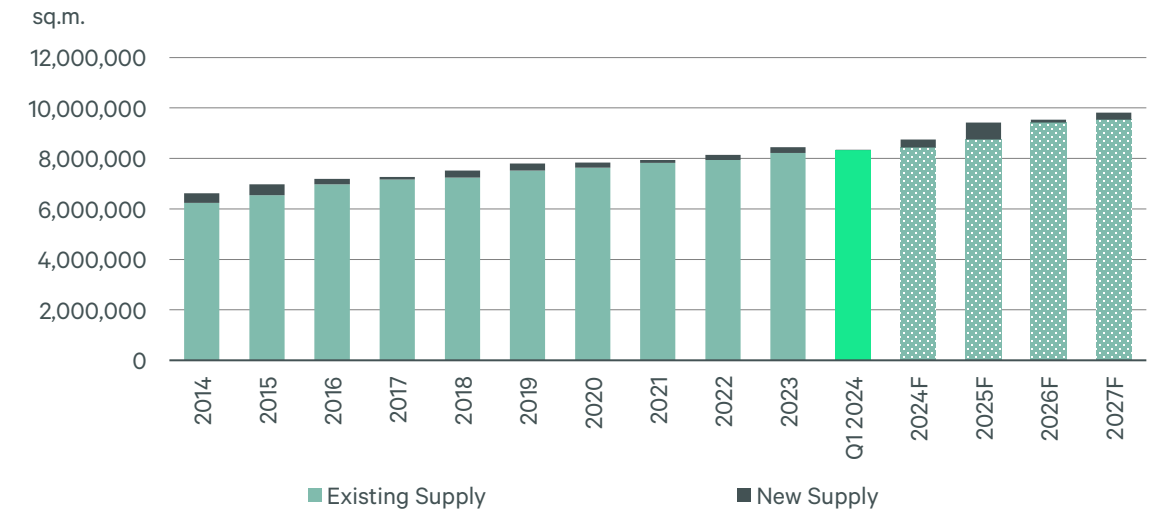
## Strong first quarter for Bangkok’s retail sector, fueled by tourism and stimulus

- Bangkok’s retail sector enjoyed another positive quarter compared to the same period in 2023. This growth was due to a rise in tourist activity and increased spending during the festive season by taxpayers who benefited from government stimulus programs.
- The positive sales momentum from the holiday season in Q4 2023 carried into the start of 2024, contributing substantially to retail performance.
- Thailand’s Consumer Confidence Index (CCI) rose to 63 in March 2024, up from 53.8 in the same period last year. Notably, the CCI has increased by 9.2 points, or a 17.1% Y-o-Y increase.
- The total retail supply in Bangkok increased from 8.21 million square meters in Q1 2023 to 8.3 million square meters in Q1 2024, marking an increase of 1.7% Y-o-Y.
- More than 1.38 million square meters of retail space is either planned or under construction.

## Looking ahead: balancing growth and challenges

- The Bangkok retail market is expected to remain highly competitive. The completion of large-scale developments and ongoing construction and major renovations of existing centers will introduce significant new retail space, further intensifying competition.
- Looking forward, rising household debt may continue to constrain consumer spending for a significant portion of the market.

FIGURE 7: Bangkok Existing and Future Supply, 2014-2027F



Source: CBRE Research, Q1 2024

# Hotel

▲ +15.7% q-o-q  
International Tourist Arrivals

▲ +3.7 pp q-o-q  
Occupancy

▲ +2.0% q-o-q  
Average Daily Rate (ADR) (THB)

▲ +7.0% q-o-q  
Revenue per Available Room (RevPAR) (THB)

## Tourism

- Thailand welcomed 9.4 million international tourists this quarter, a 43.5% increase Y-o-Y with Chinese being the top nationality (1.7 million), followed by Malaysians (1.2 million).
- Short-haul markets, particularly China and Malaysia, will remain the key feeder markets this year.
- New Government Policy: Thailand and China agreed on a permanent visa-free entry, allowing Chinese tourists to stay in Thailand for up to 30 days.

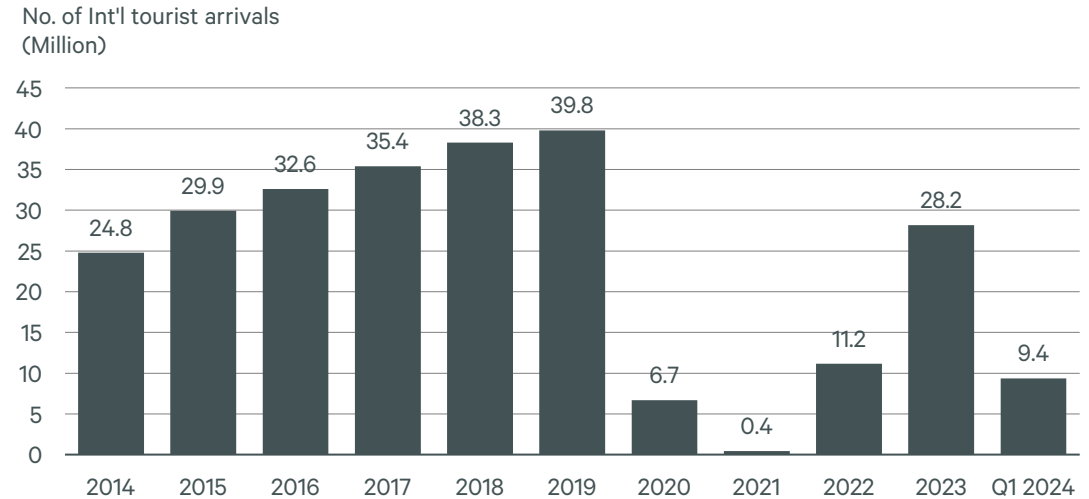
## Hotel supply and performance

- Bangkok’s hotel supply as of Q1 2024 totaled 79,776 keys, increasing by 3.2% Y-o-Y. There were six new hotel openings this quarter, adding 1,541 keys to the existing supply.
- Hotel performance continued to see improvements in all key indicators compared to the previous quarter. The ADR and RevPAR exceeded 2019 levels by 17.8% and 7.3%, respectively, although the occupancy rate still lagged.

## Outlook

- The government is expected to announce additional tourism stimulus plans to boost tourism. It is expected that short-to-mid-haul markets will continue to dominate as the key feeder markets.
- More than 3,600 keys are slated for completion in 2024, which will intensify competition among hotel owners, while costs, especially labor, remain a persistent issue for hotel operators.

FIGURE 8: Number of International Tourist Arrivals, 2014-Q1 2024



Source: Ministry of Tourism and Sport (MOTS)

# Industrial & Logistics

▲ +0.7% q-o-q

Supply of SILP

▲ +0.9% q-o-q

Supply of RBF

▶ 0.0% q-o-q

Supply of MLP

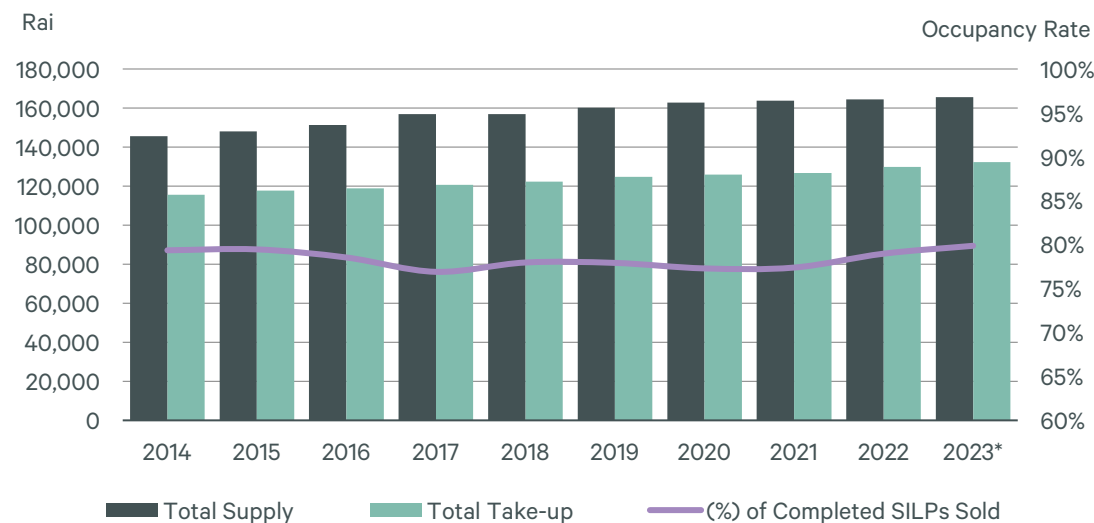
## Persistent high demand for Industrial Land and Factories

- Total SILP supply in Q4 2023 increased to 165,541 rai due to the completion of WHA Industrial Estate Rayong (Phase 1). Total SILP sales in Q4 2023 were 923 rai, excluding Rojana, representing an increase of 116.7% Q-o-Q from 426 rai in Q3 2023 but a decrease of 38.9% Y-o-Y from 1,510 rai in Q4 2022.
- The total supply of RBF in Q4 2023 increased to 2,416,556 square meters, an increase of 0.9% Q-o-Q and 1.3% Y-o-Y. The demand in the ready-built factory market increased approximately 4.1% Q-o-Q to 2,112,539 in Q4 2023. The vacancy rate has declined from 15.2% in Q3 2023 to 12.6% in Q4 2023.
- Total take-up for MLP increased from 3,989,703 square meters in Q3 2023 to 4,076,126 square meters in Q4 2023. The net new take-up for MLP in Q4 2023 is 86,423 square meters, and the vacancy rate of MLP decreased from 14.3% in Q3 2023 to 10.0% in Q4 2023.

## Industrial growth through relocation and company expansion

- Thailand’s industrial market continue to experience substantial growth, driven by demand across all three types of industrial properties.
- Serviced Industrial Land Plots (SILPs) are particularly sought after driven by factories relocating to Thailand.
- Ready-Built Factories (RBFs) are in high demand, especially for large units,. Additionally, there is rising demand for modern logistics properties as companies expand operations in Thailand.

FIGURE 9: Supply, Demand and Occupancy Rate of SILP



Note: \*The 2023 data excludes data from Rojana as they only report SILP sales on an annual basis.  
Source: CBRE Research, Q4 2023

# Investment

▼ -2.1% q-o-q

Publicly Listed Property Funds' and REITs' Average Capital Gain

▲ +0.3% q-o-q

Publicly Listed Property Funds' and REITs' Average Dividend Yield

▲ +0.1% q-o-q

1-Year Gov. Bond Yield (March 2024)

▲ +0.5% q-o-q

10-Year Gov. Bond Yield (March 2024)

## Investment market summary

- In Q1 2024, the Monetary Policy Committee (MPC) voted unanimously to keep the policy rate at 2.50%.
- The Bank of Thailand (BoT) adjusted the 2024 gross domestic product (GDP) growth forecast to 2.6% from the 3.2% previously projected, reflecting weak demand. The BoT expects that GDP will recover in 2024, driven mainly by an increase in foreign tourists, private consumption and public expenditure.
- In Q1 2024, five new joint ventures were announced during Q1 2024, three of which were from Origin Property Public Company Limited.
- Additionally, Frasers Property Thailand Industrial Freehold & Leasehold REIT (FTREIT) reported an expansion in Q1 2024.
- Only REITs in the residential and hotel sectors reported positive total returns, at 14.48% and 1.07%, respectively.
- The average capital gain for property funds and REITs in Q1 2024 was -15.6%, compared to -13.5% in Q4 2023.
- The average dividend yield was 7.1%, slightly increasing from 6.8% in Q4 2023.

FIGURE 10: Government Bond Yields, Q1 2014-Q1 2024



Source: CBRE Research, Q1 2024

## QUARTERLY REPORTS



### Bangkok Property Report

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### Contact

#### Research & Consulting, Thailand

**Chotika Tungeirisurp**  
Head of Research & Consulting  
+66 (0)2 119 2930  
[chotika.tungsirisurp@cbre.com](mailto:chotika.tungsirisurp@cbre.com)

#### Research & Consulting, Thailand

**Nicholas Vettewinkel**  
Director  
+66 (0)2 119 2929  
[nicholas.vettewinkel@cbre.com](mailto:nicholas.vettewinkel@cbre.com)

#### Research & Consulting, Thailand

**Mayurachat Tipparat**  
Senior Manager  
66 (0)2 119 2913  
[mayurachat.tipparat@cbre.com](mailto:mayurachat.tipparat@cbre.com)

#### Research & Consulting, Thailand

**Thatchanan Siddhijai**  
Senior Manager  
66 (0)2 119 2912  
[thatchanan.siddhijai@cbre.com](mailto:thatchanan.siddhijai@cbre.com)

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