Residential Market Most Impacted by Weak Economy and Strict Bank Lending Criteria

▲ 2.3% y-o-y
GDP

▼ -4.1% q-o-q
CCI (June 2024)

▼ -13.2% q-o-q
Tourism

QUARTERLY HIGHLIGHTS

– **Residential:** This quarter, the overall condominium market remained stable, with new launches in downtown and midtown/suburban areas mirroring those of the previous quarter. More than 35,000 units are set to be completed by the end of 2024.

– **Office:** New supply continues to impact occupancy rates, falling by 0.9pps Q-o-Q to 81.5%, however Grade A+ rents have increased as commitment levels at new buildings continued to rise but Grade A CBD rents dropped slightly. Average Grade A+/A rents rose 0.5% Q-o-Q.

– **Retail:** Bangkok's retail sector slowed in Q2 due to increased competition, cautious consumer spending, and lower tourist arrivals. CCI also fell to 58.9 in June 2024, the fourth consecutive month of decline and the lowest level since September 2023.

– **Hotel:** Hotel performance in Q2 showed a decline in all key indicators compared to the previous quarter due to entering traditional low season, while ADR and RevPAR continued to exceed Q2 2019 levels by approximately 20%.

– **Industrial & Logistics:** Industrial market is continuing to benefit from positive momentum, fuelled by a surge in demand, particularly land and ready built factories, from relocations and company expansion.

– **Economic:** GDP in Q2 2024 grew by 2.3% Y-o-Y, from an increase of 1.6% in the previous quarter.

TABLE 1: Quick Statistics

Condominium	Q2 2024	q-o-q	y-o-y
New Launch - Downtown	779 Units	634.9%	43.7%
New Launch - Midtown	6,252 Units	3.0%	-46.2%
Office	**Q2 2024**	**q-o-q**	**y-o-y**
Avg. Grade A+, A CBD Rent	THB 1,025	0.5%	0%
Overall Occupancy	81.5%	-0.9 pps	-3.4 pps
Retail	**Q2 2024**	**q-o-q**	**y-o-y**
Rent	THB 2,000-5,500	+0%	+0%
Occupancy	95.2%	-0.1 pps	-0.2 pps
Hotel	**Q2 2024**	**q-o-q**	**y-o-y**
ADR	THB 3,958	-7.7%	+2.7%
Occupancy	71.8%	-4.3 pps	+4.5 pps

Residential - Condominium

▲ +2.7% y-o-y
Downtown Condominium Supply

▲ +5.1% y-o-y
Midtown Condominium Supply

▲ +5.1 pp q-o-q
Downtown Sale Performance of Future Units

▲ +0.2 pp q-o-q
Midtown Sale Performance of Future Units

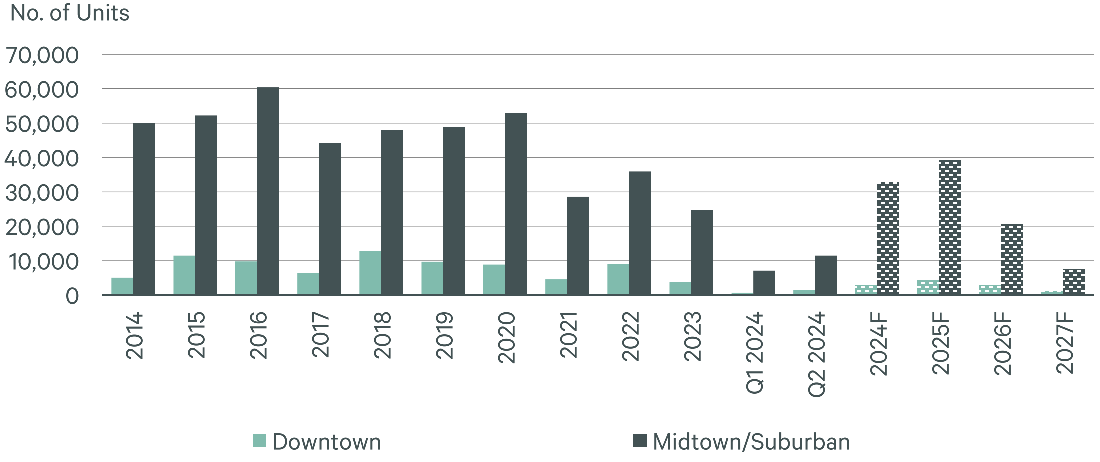
New launches remain low with steady improvement in sales

- Only two new projects with a total of 779 new units were launched in the Downtown area, compared to 542 units in Q2 of the previous year. One of these projects is the first freehold project launched in the Central Lumpini area since 2020.
- The sales performance of existing unsold units in downtown continues to increase to 92.4% (from 92.1%). Majority of unsold units are in the Sukhumvit and in the High-end segment.
- Out of 11,142 future condominium units, 56.3% of future supply has been sold, an increase of 5.1 percentage points from last quarter. Similar to unsold existing supply, Sukhumvit has the highest number of unsold units in the High-end segment.
- The average price of freehold future downtown condos increased 5.5% Y-o-Y to THB 294,750 per sq.m.

Low levels of new launches in Midtown & Suburban while sales remain stable

- The midtown/suburban condominium market saw another significant drop in the number of newly launched units this quarter (by 46.2% Y-o-Y to 6,252 units). Most new projects are in Sai Mai/Kaset Nawamin/Min Buri, near future mass transit stations. Over 30% of these newly launched units or 3 projects were from AP (Thailand) PLC.
- 11,504 midtown/suburban condominium units were completed this quarter, compared to 2,633 units in same period last year, a 337% Y-o-Y increase.
- Sales performance of future supply slightly increased to 63.1% sold, from 62.9%, out of 100,163 total units. Sai Mai/Kaset-Nawamin/Min Buri has the highest number of units unsold.

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



Source: CBRE Research, Q2 2024

Outlook

- The first half of 2024 saw a substantial increase in Bangkok's condominium supply, with nearly 20,000 units completed. Consequently, the market remains highly competitive, with many developers focusing on clearing unsold inventory.
- Several developers continue to differentiate their offerings with unique selling points, such as limited units, increased privacy and pet-friendly options. Some of these new projects were launched upon the completion of construction, aiming to secure buyers that will be certain to transfer.

Residential - Housing

▲ 41.7% q-o-q

Newly Launched Low-Rise Housing Units by Top Listed Developers

▲ 54.2% q-o-q

Land Allocation Permits in BMR (plots)

▲ 1.0% q-o-q

Construction Material Price Index

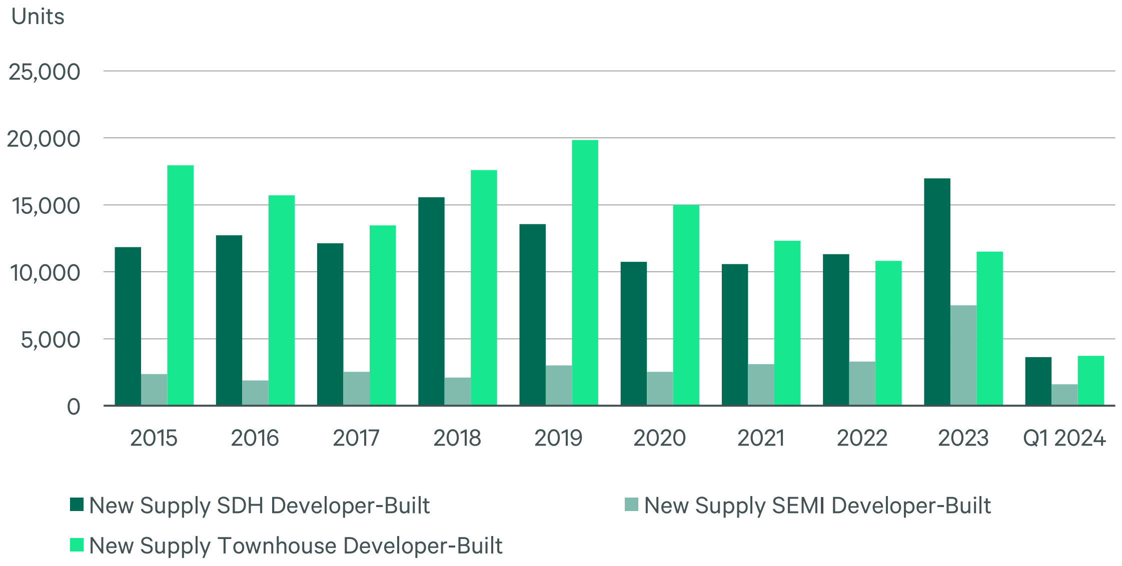
Newly Launched Luxury Projects Increased Q-o-Q with a Focus on Western Bangkok

- For the Luxury (THB 30.1-70 million) and Super Luxury (THB 70-100 million) segments, launches totaled 587 and two units respectively, spread across nine projects by various listed and non-listed developers.
- No new projects were launched in the Ultra Luxury segment (THB 100 million and above).
- The total number of newly launched Luxury and above projects saw an increase, up 65.8% Q-o-Q and 42.9% Y-o-Y.
- Of the total luxury housing launches in Q2, Western Bangkok was a favored location, accounting for 168 units or 28.5% of the new supply.

Low-rise Housing Transfers In The BMR Lowest Since 2017, Particularly from Developer Sales

- The Real Estate Information Center (REIC) reported that in the first quarter of 2024, the number of low-rise housing units transferred in BMR, which includes both Juristic Person (developer sales) and Individual (resales), was the lowest since 2017, at 16,934 units. This represents a decrease of 26.3% Q-o-Q and 20.5%. Y-o-Y.
- The drop of transfers is particularly notable in transfers by Juristic Persons (developer sales), which decreased by 32.8% Q-o-Q and 25.7% Y-o-Y to 7,182 units.
- Among transfers by Juristic Persons (developer sale), Single Detached Houses accounted for 2,226 units (down 30.9% Q-o-Q and 20.1% Y-o-Y), Semi-detached Houses accounted for 1,061 units (down 30.2% Q-o-Q and 23.3% Y-o-Y), and Townhouses accounted for 3,895 units (down 34.4% Q-o-Q and 29.1% Y-o-Y).

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

0.0% q-o-q
Serviced Apartment Supply

-2.5 pp q-o-q
Occupancy Rate

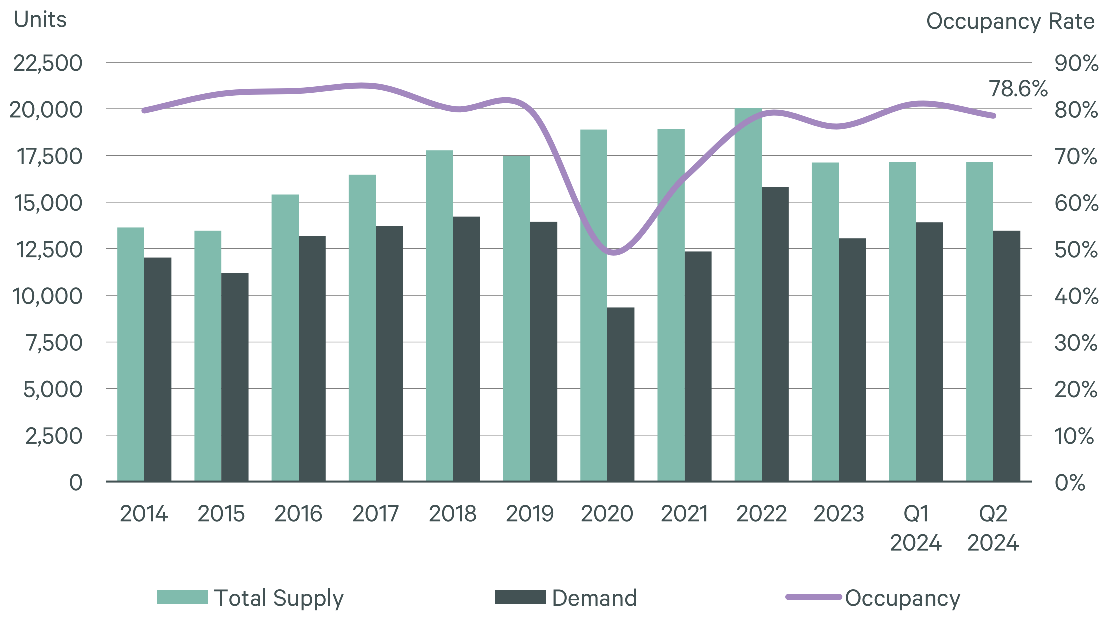
-11.1% q-o-q
Future supply*

-1.5% q-o-q
Average Grade A Rental Rate

Overall occupancy dropped to 79% with a decrease in Grade A average asking rents

- The total supply in downtown Bangkok remained at 17,145 units with no newly completed supply.
- The overall occupancy rate decreased by 2.5 percentage points Q-o-Q to 78.6% due to the decrease in demand of serviced apartment (both daily and long-term stays) in all areas of downtown Bangkok. The highest occupancy rate remained in Central Lumpini/Siam where the majority of guests are short stay guests.
- Occupancy rates in Silom/Sathorn fell 5.1 percentage points q-o-q to 81.7%, followed by Central Lumpini/Siam with a decrease of 4.8 percentage points q-o-q to 85.2% and a 1.9 percentage points decrease q-o-q to 76.5% in Sukhumvit.
- The average asking rent for Grade A serviced apartments is THB 1,146 per square meter per month declining by 1.5% q-o-q; in Sukhumvit (THB 1,172), followed by Central Lumpini/Siam (THB 1,089) and Silom/Sathorn (THB 1,071). Silom/Sathorn experienced the largest fall of -7.4% from the previous quarter.
- Internationally branded residences account for 32.5% of all serviced apartment supply 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 three serviced apartment projects under construction which are expected to add 448 units to the total supply by 2026.
- Based on CBRE Thailand Residential Leasing transactions, the two-bedroom unit type was the most popular serviced apartment unit type for long term stays (>1 month) followed by the one-bedroom unit type.

FIGURE 3: Supply, Demand, and Occupancy Rate, 2014- Q2 2024



Source: CBRE Research, Q2 2024

Note: *two future buildings have been removed.
One has been moved to hotel and another has been removed due to construction inactivity.

Residential - Apartment

+0.9% q-o-q
Expatriates in Bangkok

0.0% q-o-q
Total supply

-0.9 pp q-o-q
Occupancy Rate

-3.6% q-o-q
Average Grade A Rental Rate

Chinese expatriate population grew while Japanese declined

- As of Q2 2024, in Bangkok, the expatriate population increased by 0.9% from the previous quarter to 95,327 of which 21.1% 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 14.3%. The top industries employing expatriates are manufacturing, export/retail/automotive, and real estate services and leasing.

Average Grade A rent dropped in Sukhumvit and Silom/Sathorn

- The total number of apartment units remained at 9,715 in downtown Bangkok with no new supply added. The overall occupancy rate fell to 91.4% decreasing by 0.9 percentage points Q-o-Q.
- The Sukhumvit area continued to host most of the apartment supply, accounting for 81.7% of the total apartments in downtown Bangkok.
- Downtown Grade A apartments average rental rate decreased by 3.6% Q-o-Q to THB 560 per square meter per month. Sukhumvit has the highest average asking rent at THB 569 per square meter per month, followed by Central Lumpini/Siam at THB 556 per square meter per month and Silom/Sathorn at THB 504 per square meter per month. Central Lumpini/Siam is the only area with an increase in Grade A average asking rent by 5.1% from the previous quarter, while Sukhumvit and Silom/Sathorn decreased by 5.3% and 7.4%, respectively.
- Large unit sizes, particularly three-bedroom apartments, remained the most popular unit type, accounting for 70% of total apartment transactions by the CBRE Thailand Residential Leasing Team.
- CBRE believe that more older building will 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 should enable owners to achieve higher rents and compete more effectively with newer buildings.

FIGURE 4: : Total Expatriates in Thailand by Nationality from, 2014-Q2 2024

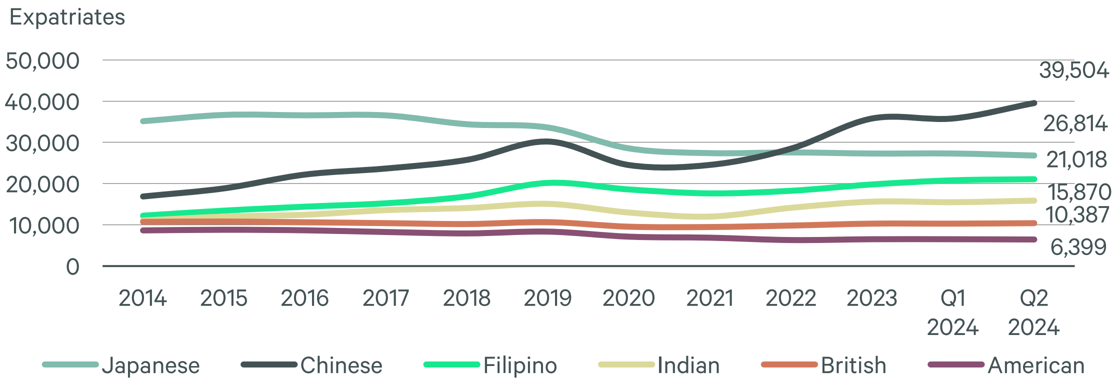
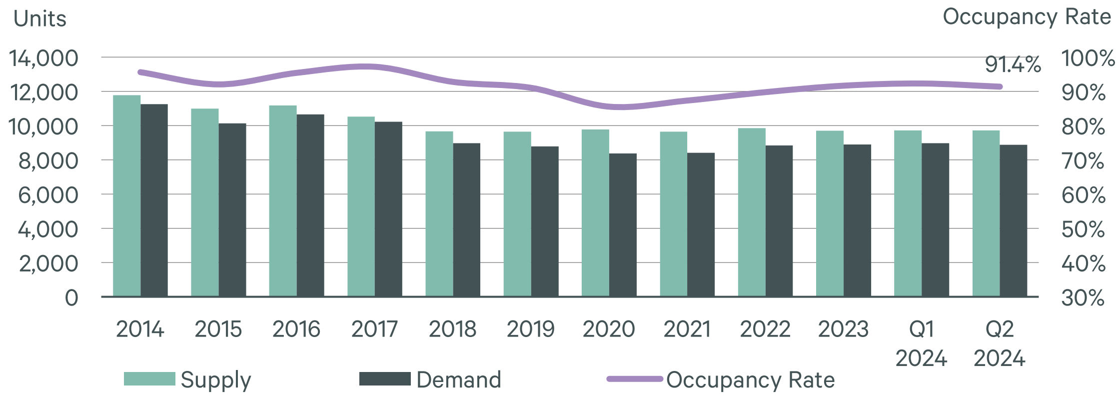


FIGURE 5: Apartment Supply, Demand, and Occupancy Rate, 2014- Q1 2024



Source: CBRE Research, Q2 2024

Office

+1.3% q-o-q
Bangkok Office Supply

0.4% q-o-q
Total Take-up

-0.9% q-o-q
Overall Occupancy

2.2% q-o-q
Average Grade A+ Rent

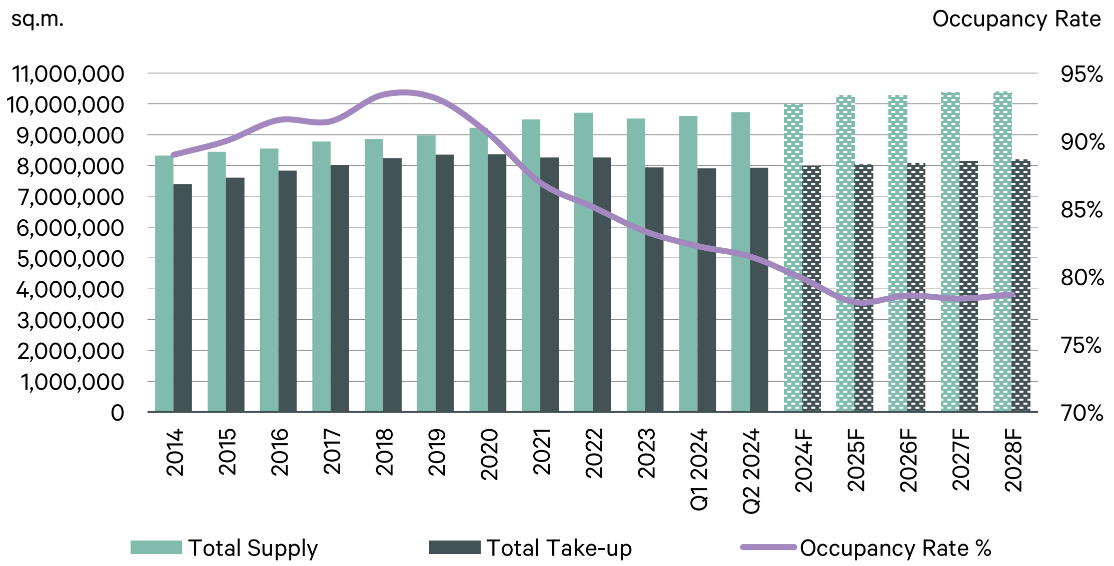
New supply continued to enter the market while net take-up was positive especially in Grade A+ buildings

- In Q2 2024, the office supply increased to 9,737,961 square meters due to the completion of One Bangkok Tower 3, Supalai Icon Sathorn and Ratchayothin Hills. These developments added a total of 127,784 square meters to the overall office supply.
- Net take-up in Q2 2024 was 31,516 square meters, primarily from tenants moving into new Grade A+ buildings. The total net take-up of Grade A+ space in this quarter was 27,301 square meters. Only Grade B CBD experienced negative net take-up in this quarter, at 5,934 square meters.

Rental rates of older buildings in the CBD expected to continue to drop as vacancy rates continue to rise

- In this quarter, only the average rental rates for Grade A+ buildings increased from Q1 2024, rising by 2.2% Q-o-Q to THB 1,150 per square meter per month. The other submarkets saw a decrease in average rental rates by 1.5% or -2.7% Q-o-Q, except for Grade B non-CBD, which remained stable from the previous quarter.
- As of Q2 2024, 726,052 square meters of office space is under construction, with completion expected by 2028. Additionally, approximately 750,000 square meters of supply are being planned.
- As supply increases, vacancy rates are expected to continue to rise which will likely result in reduced asking rents especially in old buildings in the CBD. We anticipate the average rental rate of A+ buildings will rise as the commitment levels increase, while the average rental rate of Grade A and B in the CBD, will drop as tenants continue to relocate to new buildings.

FIGURE 6: Total Supply, Take-Up and Occupancy Rate of Bangkok Office, 2014 – 2028F



Source: CBRE Research, Q2 2024

Retail

▲ 0.2% q-o-q
Supply

▼ -12.6% q-o-q
Space Under Construction

▶ 0.0% q-o-q
Demand (Take-up)

▼ -4.1% q-o-q
Consumer Confidence Index (June 2024)

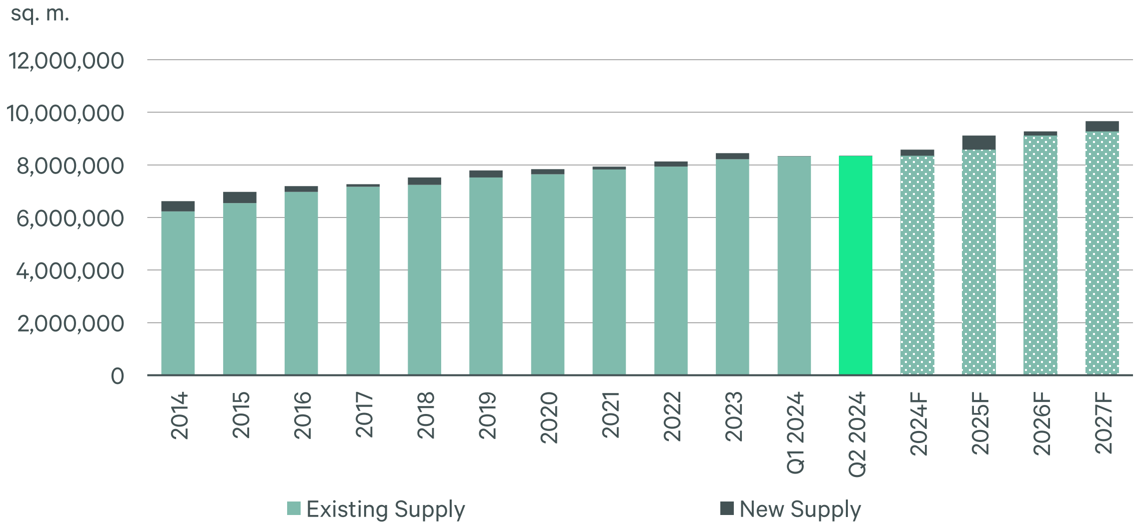
Bangkok's Retail Industry Under Pressure: Increased Competition, Consumer Caution, and Tourism Decline

- Bangkok's retail sector experienced a decline in activity during Q2 compared to Q1. This slowdown can be attributed to increased competition from major retail developers entering the market, a growing consumer trend of cautious spending and a decline in tourist arrivals following the peak season.
- Thailand's Consumer Confidence Index (CCI) fell to 58.9 in June 2024, the fourth consecutive month of decline and the lowest level since September 2023. (increased by 2.2 points, 3.9% Y-o-Y)
- The total retail supply in Bangkok increased from 8.2 million square meters in Q2 2023 to 8.3 million square meters in Q2 2024, an increase of 1.6% Y-o-Y.
- More than 1.31 million square meters of retail space is either planned or under construction.

The Future of Bangkok Retail: Opportunities and Challenges

- Bangkok's retail landscape is poised for a significant increase of new retail space across Bangkok upon completion of large-scale developments and ongoing construction projects.
- Thailand's H2 2024 retail outlook is cautiously optimistic. Returning tourists, especially high-spending Chinese visitors, are expected to buoy sales. However, weak consumer confidence reduced purchasing power and slow economic growth are concerns

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



Source: CBRE Research, Q2 2024

Hotel

▼ -13.2% q-o-q
International Tourist Arrivals

▼ -4.3 pp q-o-q
Occupancy

▼ -7.7% q-o-q
Average Daily Rate (ADR) (THB)

▼ -13.2% q-o-q
Revenue per Available Room (RevPAR) (THB)

Tourism

- Thailand welcomed 8.1 million international tourists this quarter, a 26.3% Y-o-Y increase. The Chinese continued to be the top nationality visiting Thailand with 1.7 million arrivals, followed by Malaysians with 1.3 million.
- There was a significant increase in visitors from Southeast Asia and the Middle East, underscoring that the key feeder markets remains as a primary destination for short- to mid-haul travel.

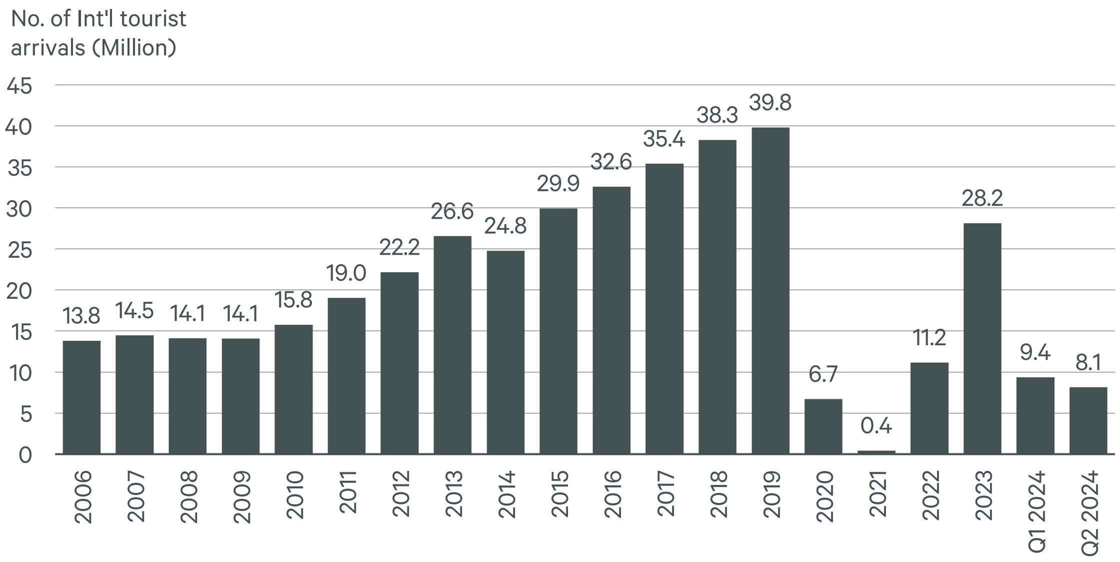
Hotel supply and performance

- As of Q2 2024, Bangkok's hotel supply totaled 79,905 keys, marking an increase of 2.2% Y-o-Y with the opening of Sotetsu Grand Fresa Bangkok, adding 129 keys to the total.
- Hotel performance in Q2 2024 exhibited a decline in all key indicators compared to the previous quarter. Despite this, ADR and RevPAR continued to exceed Q2 2019 levels by 21.5% and 20.1%, respectively, while the occupancy rate lagged by only 0.8%.

Outlook

- The additional government initiatives to attract more international tourist by extending the visa-free policy for 93 countries, will be effective from July 15, 2024.
- By the end of 2024, hotel supply in Bangkok is expected to increase by over 2,300 keys, or 2.9%.
- Some hotels have delayed their opening dates, with some planned projects now postponed until 2027. However, competition in the hotel sector is expected to intensify over the next 2-3 years.

FIGURE 8: Number of International Tourist Arrivals, 2014-Q2 2024



Source: Ministry of Tourism and Sport (MOTS)

Industrial & Logistics

0.0% q-o-q
Supply of SILP

▲ +1.2% q-o-q
Supply of RBF

▲ + 0.7% q-o-q
Supply of MLP

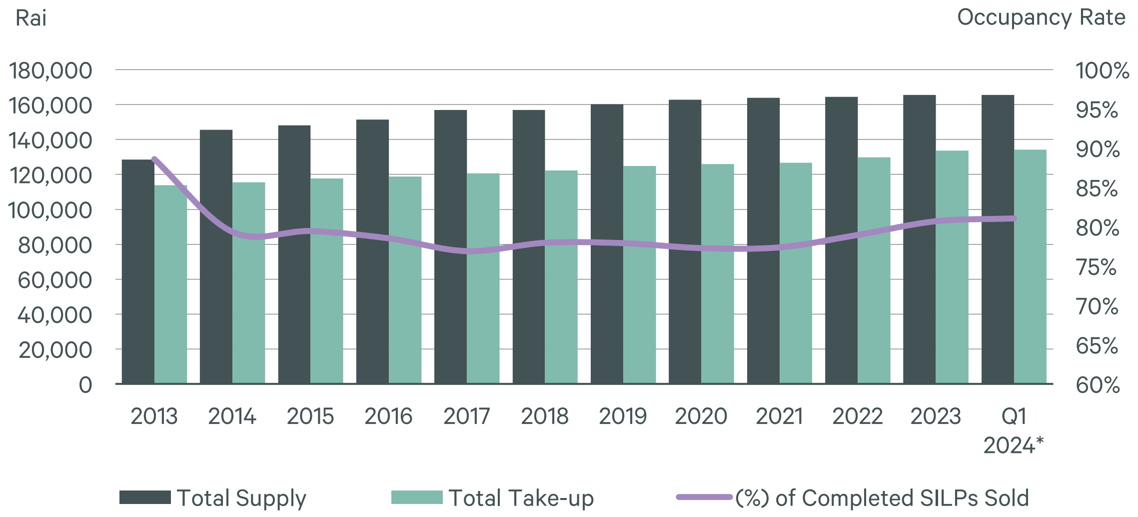
High Demand Across All Three Types of Industrial Property

- Total SILP supply in Q1 2024 remained the same as previous quarter at 165,541 rai. Total SILP sales in our survey basket in Q1 2024 were 591 rai, excluding Rojana's, representing a decrease of 36.0% Q-o-Q from 923 rai in Q4 2023 but an increase of 13.0% Y-o-Y from 523 rai in Q1 2023.
- The total supply of RBF in our survey basket in Q1 2024 increased to 2,446,383 square meters, an increase of 1.2% Q-o-Q and 1.1% Y-o-Y. The demand in the ready-built factory market increased approximately 2.8% Q-o-Q to 2,171,045 in Q1 2024. The net take-up in Q1 2024 is 58.505, and the vacancy rate has declined from 12.6% in Q4 2023 to 11.3% in Q1 2024.
- The MLP supply was 4,765,786 square meters, a 34,476-square-meter increase from last year or an increase of 6% Y-o-Y. The net take-up for MLP in Q1 2024 was -35,090 square meters. As a result of the increase in supply and the decrease in demand, the vacancy rate of MLP increased to 14.6% in Q1 2024 from 13.2% in Q4 2023.

Continue Growth in Industrial Market from Relocation and Company Expansion

- Thailand's industrial market is continuing to benefit from positive momentum, fuelled by a surge in demand for all three types of industrial properties.
- The demand seen in Serviced Industrial Land Plots (SILPs) from domestic and international manufacturers, primarily driven by foreign factories relocating and expanding into Thailand due to government investment promotions. For Ready-Built Factories (RBFs), it has seen increased demand in larger units. The demand for modern logistics spaces is on the rise as companies expand their operations in Thailand.

FIGURE 9: Supply, Demand and Occupancy Rate of SILP, 2013-Q1 2024



Note: *The Q1 2024 data excludes data from Rojana as they only report SILP sales on an annual basis.
Source: CBRE Research, Q1 2024

Investment

▼ -4.6% q-o-q
Publicly Listed Property Funds' and REITs' Average Capital Gain

▲ +0.5% q-o-q
Publicly Listed Property Funds' and REITs' Average Dividend Yield

▲ +0.1% q-o-q
1-Year Gov. Bond Yield (March 2024)

▲ +0.3% q-o-q
10-Year Gov. Bond Yield (March 2024)

Investment Market Summary

– In Q2 2024, the Monetary Policy Committee (MPC) voted unanimously to keep the policy rate at 2.50%.

– The Bank of Thailand (BoT) forecast 2024 gross domestic product (GDP) growth at 2.6%. The BoT expects that GDP will recover in 2024, driven mainly by an increase in foreign tourists, private consumption and public expenditure.

– There was one major property transactions during Q2 2024. Ananda Development sold their 51% shareholding in 5 subsidiary companies: AMH Ratchada Co., Ltd., AMH Sukhumvit 8 Co., Ltd., AMH Sukhumvit 59 Co., Ltd., AMH Sathorn Co., Ltd., and AMH Pattaya Co., Ltd., to their 49% shareholding partner, Mitsui Fudosan (Thailand) Co., Ltd. for THB 2.54 billion.

– Eighteen new joint ventures were announced during Q2 2024, ten of which were from Origin Property Public Company Limited.

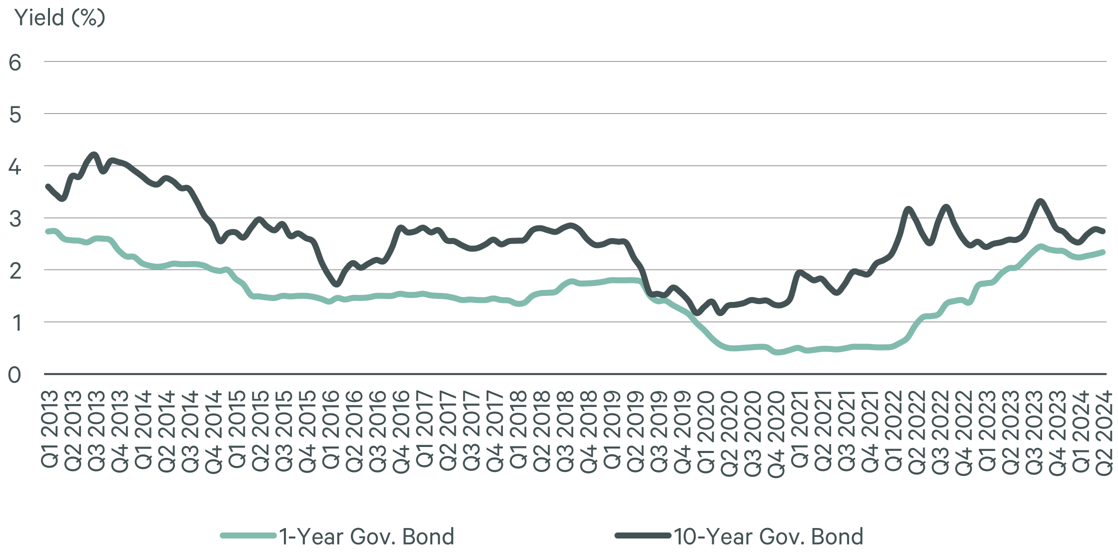
– Additionally, CPN Retail Growth Leasehold REIT (CPNREIT) reported an investment in the Central Pinklao Project after renewing the land lease agreement for another 15 years in Q2 2024.

– Erawan Hotel Growth Property Fund (ERWPF) was delisted in Q2 2024. Pinthong Industrial Park Property Fund (PPF) and Quality House Hotel and Residence Freehold and Leasehold Property Fund (QHHR) were converted to REITs.

– The average capital gain/loss for property funds and REITs in Q2 2024 was -20.2%, compared to -15.6% in Q1 2024. The average dividend yield was 7.6%.

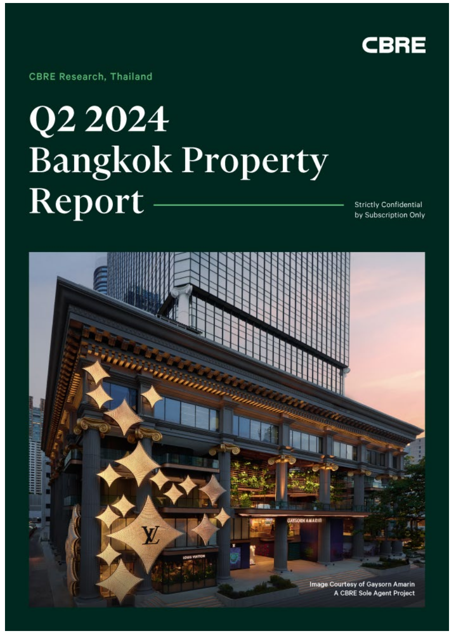
– Only REITs in the residential and industrial sectors reported positive returns, at 6.36% and 1.19%, respectively.

FIGURE 10: Government Bond Yields, Q1 2013-Q2 2024



Source: CBRE Research, Q2 2024

QUARTERLY REPORTS



Bangkok Property Report

The Bangkok Property Report, now in its 26th year, is CBRE Thailand's flagship quarterly subscription publication, with data from a tried and tested database reinforcing its reputation as Bangkok's definitive property sector source.

The Bangkok Property Report provides in-depth analysis of the Bangkok real estate market, including property supply and demand, occupancy, take-up, prices, rental trends and other indicators.

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