

Rents rise for non-CBD office locations in Bangkok

RENTS for Grade A office buildings outside Bangkok's central business district (CBD) have risen by 12 per cent over the past year from Bt635 to Bt683 per square metre compared, with Grade A CBD buildings, where rents rose by 3.2 per cent, from Bt841 to Bt859 per square metre.

The main reason for this change has been the completion of AIA Capital Tower on Ratchadaphisek Road.

The quality of AIA Capital Tower is higher than any of the Grade A buildings in the city centre and has raised the average of non-CBD rental rates, where most existing buildings are classified as Grade B.

Demand for non-CBD offices has been driven mainly by tenants relocating within a similar area.

CBRE has not, as yet, seen tenants relocating from the CBD to less central locations because of rising rents.

Ratchadaphisek/Rama IX has seen the biggest growth in take-up out of all the non-CBD locations because of the completion of new buildings such as the Ninth Towers and AIA Capital Tower. We expect to see further growth in take-ups with more office developments in the pipeline in non-CBD locations.

In terms of demand, not all tenants need or want to be in the central business district, but they do need good road and expressway access, and almost all tenants now want to be close to a mass-transit station.

There is also demand for quality buildings in non-CBD locations.

Tenants are willing to pay higher rents for well-designed high-specification buildings even if they are using them for back-office functions because they find they can fit more people into less space in a comfortable environment within a better-quality building.

More tenants appreciate the advantages of efficient and column-free floor plates, modern air-conditioning systems and efficient elevators.

Despite the weak economy, there is a shortage of competent talent in Bangkok, and in order to attract the best employees, companies need to provide an attractive and convenient work environment. This is why tenants are not all choosing buildings with the cheapest rent but are willing to pay for convenient locations with access to mass transit and a good-quality workplace environment.

Bangkok will continue to be a city where there are multiple office clusters as well as a core CBD.

The most popular non-CBD locations will be those that have access to mass transit and good road and expressway access, as well as supporting neighbourhood facilities, particularly modern retail outlets.

There also needs to be a range of office buildings, including Grade A quality developments.

CBRE expects future office developments in non-CBD locations to be concentrated in Ratchadaphisek, along the MRT Blue Line and Sukhumvit, particularly within the radius of Bang Na Station on the BTS Green Line.

These projects are lead indicators of positive long-term sentiment.

The TCC Group is investing in a 328-key hotel to be managed by Marriott. It is slated to open in the first quarter of next year.

About 9,157 rooms are registered in the areas, compared to 46,803 in Phuket and 17,986 in Samui.

