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Thailand Real Estate - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2020 - 2029

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Report description:

The Thailand Real Estate Market size is estimated at USD 54.01 billion in 2024, and is expected to reach USD 68.95 billion by 2029, growing at a CAGR of 5% during the forecast period (2024-2029).

Key Highlights
-The rise in prices due to inflation and economic slowdown affects the market, creating a slowdown in demand for the properties. But, the market is expected to recover in the coming time, supported by government policies and other factors. However, the residential segment is showing substantial growth.
-With many business and real estate investment options, Thailand is quickly gaining international recognition. Thailand attracts investors from all over the world due to its wealth of possibilities. Properties will cost more in central Bangkok and other sought-after areas, as is to be expected. Rental homes are more in demand for tourists and long-term inhabitants in cities like Bangkok.
-The same higher rental rates apply to islands like Koh Samui or Phuket, where real estate is in high demand from locals, foreign visitors, Thais, and ex-pats looking for a luxurious getaway from the mainland or city life. Despite Thailand's ease in COVID-19 in Q3 2021, the residential property price index has constantly declined, while the supply index has steadily increased. In the first half of 2022, the retail industry continued to be negatively impacted by the spread of COVID- 19; this situation severely affected the shopping center.
-In April 2021, the government rolled out the second phase of its one-million-unit low-cost housing scheme, with an estimated budget of around THB 30 billion (USD 923 million) to THB 50 billion (USD 1.54 billion). The second phase offers a lower interest rate and raises the ceiling price of housing units to THB 1.2 million (USD 36,904), up from THB 1 million (USD 30,753) in the first phase. In Q1 2022, the total supply of office space in Bangkok increased to 5.56 million sq. m. as one new building with a net leasable area of 25,000 sqm was completed.

-Despite project launches being postponed by developers and consumer sales being delayed, the supply index increased. In contrast, there is still a substantial amount of inventory, particularly for condos. These represent low absorption rates brought on by the prolonged economic slump, making customers fearful of economic uncertainty and delayed purchasing real estate. The market has also lost its appeal to investors and overseas purchasers.

Thailand Real Estate Market Trends

Decrease in Property Prices Causing Market Slowdown

Due to the weak economy, the high amount of household debt, and the strict new LTV criteria that demand larger deposits, home prices have been falling. The purchasing power of consumers has also been significantly influenced by COVID-19, which has resulted in stagnant real estate prices. There has been some growth despite the overall drop in the Price Index. Positive trends can be seen in the Price Index for landed residential properties, particularly for single-detached homes.

In contrast to the 2021 modest gain of 0.37%, nationwide home prices decreased by 1.48% in Q1 2022. The performance was the weakest since Q1 2017. In Q1 2022, housing prices fell by 2.4% every quarter. According to the Bank of Thailand, property loan outstanding increased by a moderate 3.3% year over year as of Q1 2022 to THB 3.4 trillion (USD 99.15 billion), following yearly increases of 3.4% in 2021.

The pandemic has hindered residential development activities. According to the BoT (Bank of Thailand), nationwide condominium registrations plunged by 16.1% in Q1 2022 from a year earlier to 9,045 units, following yearly drops of 41.8% in 2021 and 8.1% in 2020. However, condo registrations in Bangkok Metropolis increased only 3.4% year over year in Q1 2022 after decreasing by a significant 56.4% in 2021.

The pandemic hindered residential construction. In the first four months of 2021, nationwide condominium registrations fell by 33.6% to 17,618 units from the corresponding period in 2020. Over the same period, condominium registrations decreased by 41% in Bangkok Metropolis. As of January through April 2021, there were 26,670 new dwelling units in the capital, an 18.1% year-over-year decline.

Growth in the Residential Sector may Boost the Market

Over the next few years, the government's policy to entice highly skilled foreigners to live and work in Thailand is expected to boost the country's GDP by 30 billion USD. Due to the Covid-19 pandemic allowing customers more solitude with less potential social encounters in condominiums, villas appear to be where the money is going rather than condos. With the increased incentives, more people are expected to purchase property in Phuket, Thailand, in the following years.

According to the Bank of Thailand, the average price of single-detached homes in Thailand increased by 1.2% in the year to May 2021, a significant decrease from the previous year's 5.9% growth and the lowest y-o-y increase since August 2017. Inflation-adjusted prices dropped by 1.2%. Low-interest rates have helped the mid and low-income detached home industry, though.

Mainlanders who invest nearly half of the international demand for residential condos in the nation come from China and Hong Kong. Large investors include those from the United States, Singapore, Taiwan, Japan, and the United Kingdom.

Thailand Real Estate Industry Overview

The Thai real estate market is partially fragmented and competitive, with the presence of both local and international players. Some of the country's major players operating in the real estate sector include Pruska Real estate, LPN Development, Sansiri, Supalai, and Ananda Development. In Thailand, property developers are using digital technologies to enhance residential sales from local and global demand and tap into a new generation of purchasers providing sales via cryptocurrencies, despite a property market slump and travel barriers.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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