

Commercial Real Estate In Thailand - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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Abstracts

The Commercial Real Estate Market In Thailand Market size is estimated at USD 17 billion in 2024, and is expected to reach USD 22.72 billion by 2029, growing at a CAGR of 5.97% during the forecast period (2024-2029).

Key Highlights

The Thai commercial real estate market has been set for a robust performance in 2024. This growth can be attributed to the revival of the country's tourism industry, expanding manufacturing sectors, and a notable trend of investors seeking quality and sustainability in prime assets.

The Thai real estate market will exhibit resilience in the coming year. This resilience is expected to counterbalance the uncertainties of the global macroeconomic landscape, owing to a range of domestic policy initiatives and a confident domestic market.

Statistics from 2023 underscored the vibrancy of Thailand's real estate landscape. Investments in targeted manufacturing industries surged by an impressive 66% Y-o-Y. Tourist arrivals, surpassing the government's projections, soared by 152%, underscoring a robust rebound in the hospitality sector. Also, the demand for prime office spaces in Bangkok's Central Business Area (CBA) remains strong, particularly among multinational corporations.

In 2024, the Thai and Southeast Asian real estate market will witness a significant impact from strategic infrastructure enhancements and a focus on elevating the quality of Grade A real estate in Bangkok.

The real estate landscape in Bangkok is poised for a notable transformation, driven by a slew of world-class mixed-use projects. These projects, comprising 10 distinct precincts, are projected to add to the city's landscape by 2028 substantially. Specifically, they will contribute over 900,000 sq. m of Grade A office space, 300,000 sq. m of retail centers, 5,400 luxury condominium units, and 5,900 luxury hotel rooms, all concentrated in Bangkok's Central Business Area (CBA). This surge in premium real estate offerings makes Bangkok an attractive destination for investors, multinational corporations (MNCs), and talented individuals seeking prime opportunities.

Thailand Commercial Real Estate Market Trends

Growing Demand for Retail Spaces in Thailand

The Thai retail estate sector in 2024 is poised for growth, buoyed by a notable increase in consumer sentiment. In December 2023, the Consumer Confidence Index (CCI) reached 62.0, marking its highest level since February 2020. With ongoing government stimulus initiatives and a projected rise in tourist arrivals, the retail sector is set to receive further support. The retail sector is witnessing a notable shift, with developers and retailers venturing into diverse city locales. The momentum behind shopping mall expansions, particularly community malls and retail spaces within mixed-use projects, is set to persist in 2024.

There is a rising appetite for easily accessible shopping avenues, particularly in downtown and midtown regions. Even suburban areas are witnessing a surge in shopping mall constructions, buoyed by population upswings and enhanced infrastructure. In 2023, the retail sector boasted a robust 95% occupancy rate, a trend that held across various shopping mall formats. Bangkok's retail scene is set to witness a surge in new and revamped establishments in 2024. However, this anticipated influx of supply may exert pressure on the sector's occupancy rates.

Bangkok's Office Space Driving the Market

After a challenging 2023, the Thai commercial real estate market is poised for an exciting 2024. The imminent surge in prime-grade office and retail offerings is set to grab the attention of developers, investors, and occupiers.

By the close of 2024, with seven new office projects, the total prime office supply in Bangkok's Central Business Area (CBA) is projected to hit 4,12,600 sq. m (NLA). This figure represents 27.9% of the existing prime stock, marking the highest annual supply increase since 1999. These developments pose notable challenges, particularly within the CBA submarket. The prime office pipeline is expected to inject roughly 1.5 million sq. m into the CBA submarket by the end of 2028, effectively doubling the existing prime office stock.

Amid a pronounced "flight-to-quality" trend, older commercial buildings face mounting challenges in maintaining steady rental and occupancy levels. Consequently, there is a noticeable increase in renovation and enhancement initiatives, with a growing emphasis on securing ESG certifications. These endeavors are crucial for the buildings to remain competitive despite newer developments.

Office buildings with less than a decade of age fetched a significant rental premium, averaging 22.5% higher than the CBA-wide average in Q3 of 2023. Over 10 years, even older assets underwent substantial renovations, maintaining their competitiveness and commanding a premium slightly above the average. On the other hand, office properties aged over a decade, without notable renovations, faced a discount of 8.8% below the average, with this gap expected to widen. These trends indicate the emergence of a first-mover advantage in the office market.

Thailand Commercial Real Estate Industry Overview

The Thai commercial real estate market is fragmented due to the country's many players. Some of the major real estate players in the market are Central Pattana PLC, Sansiri Public Co. Ltd, Pace Development Corporation PLC, and Raimon Land PCL.

The market is expected to grow during the forecast period due to continued economic growth and increased demand for commercial real estate in metropolitan cities. Other factors like demand for office spaces and tourism growth may also drive the market. Industrial estate developers are more likely to focus on investments or develop new phases or projects in the future.

Additional Benefits:

The market estimate (ME) sheet in Excel format

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