

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

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Abstracts

The Thailand Real Estate Market size is estimated at USD 54.90 billion in 2024, and is expected to reach USD 71.70 billion by 2029, growing at a CAGR of 5.41% 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 easing of COVID-19 in Q3 2021, the residential property price index constantly declined while the supply index 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 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

Growth in Tourism is Driving the Market

Thailand had shown a gradual economic recovery from the COVID-19 pandemic in 2022, helped by rising international tourism arrivals. Real GDP growth had risen from 1.5% in 2021 to 2.6% in 2022, with growth momentum expected to improve further in 2023. Thailand's manufacturing sector showed some improvement in momentum, with the S&P Global Thailand Manufacturing PMI for February 2023 having shown strong expansion.

As COVID-19 border restrictions were gradually relaxed in Thailand and also in many of Thailand's largest tourism source countries during 2022, international tourism showed a significant improvement during the second half of the year. The number of international tourist arrivals reached 11.15 million in 2022, compared with just 430,000 in 2021. However, the total number of visits was still far below the 2019 peak of 39.8 million, indicating considerable scope for further rapid growth in the tourism sector during 2023.

International tourism arrivals in the first quarter of 2023 surged to 6.5 million visitors, which was more than half the total number of international tourist visits in 2022. Total tourism receipts in the first quarter for both domestic and international tourism spending was estimated at 499 billion baht (USD 14.28 million), up by 127% y/y. The Tourism Authority of Thailand has increased its estimated target for international tourism visits in 2023 to 25 million, which is more than double the total number of international tourism arrivals in 2022.

Phuket's real estate market is experiencing a significant surge in demand

In 2023, Phuket's real estate market is experiencing a significant surge in demand, driven by both local and foreign investors. The island's stunning natural beauty, vibrant culture, and thriving tourism industry, as described by Phuket.Net, have made it a sought-after destination for property investment. The increasing foreign demand is contributing to a notable boom in the real estate market, with experts predicting a positive outlook for 2023.

The changing preferences of buyers, influenced by evolving lifestyles and technology, are shaping the demand for specific property types in Phuket.

Phuket stands out as a prime destination for property investment in Thailand due to its natural beauty, strong tourism industry, and well-developed infrastructure. These factors create a desirable living environment, offering a blend of lifestyle benefits and financial returns. The island's economic stability, infrastructure development, and attractive rental yields further enhance its appeal as an investment destination.

The real estate market in Phuket is witnessing a significant increase in demand. One particular area of interest is Pa Sak-Kok Tanot Road, Thalang, where lands are being sold at a premium price of at least 14 million baht per rai (approximately USD 448,000 USD), with a price increase of 20-30%. These lands are being developed into luxurious pool villas, which have been increasingly in demand among tourists and foreign investors.

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.

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