Thailand Research

Logistics

H1 2025

An overview review of Logistics market in H1 2025
by Knight Frank Thailand

knightfrank.co.th/research

Thailand's logistics property market softened in the first half of 2025 as macroeconomic headwinds weighed on sentiment. Total ready-built warehouse (RBW) supply grew by 1.2% half-on-half to 6.49 million sq m, but net absorption dropped sharply to just 20,335 sq m from 151,000 sq m in H2 2024. Leasing decisions were delayed amid weaker consumption and rising costs.

Occupancy edged down to 85.8%, a modest decline of 0.7 percentage points. Most occupiers are retaining space, but expansion has slowed considerably. The EEC recorded the steepest decline, while the Central region improved due to steady domestic consumption and no new supply. Average asking rents rose 0.8% to THB 161.5 per sq m per month, though this reflects landlord pricing discipline rather than demand strength.

Thailand's economy expanded 3.0% in H1, but private consumption decelerated, government spending fell, and inventories built up - signals of underlying weakness. Export growth was strong but front-loaded ahead of U.S. tariff adjustments. Demand remains fragile, with selective support from e-commerce logistics, but the overall market is in a cautious holding pattern.

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LOGISTICS PROPERTY MARKET INDICATORS

% Change	6.49M SUPPLY (sq m)	5.58M OCCUPIED SPACE (sq m)	85.8% OCCUPANCY RATE	161.5 ASKING RENT (THB / sq m / month)
H-o-H	▲ 1.2%	▲ 0.4%	▼ 0.7% pts.	▲ 0.8%
Y-o-Y	▲ 3.1%	▲ 3.2%	0.0% pts.	▲ 1.9%

MARKET OVERVIEW

In Q2 2025, the Thai economy expanded by 2.8%, decelerating from a 3.2% expansion recorded in Q1 as a production slowdown in the non-farm sector occurred. For the entire first half of 2025, Thailand's GDP expanded by 3.0%.

On the expenditure side, both private final consumption and government consumption expenditure declined from the previous half. Private consumption displayed a deceleration largely attributed to a slowdown in spending on services, with a growth of 2.3% Y-o-Y in H1 2025, a decrease from 3.3% Y-o-Y in H2 2024. Government consumption expenditure is also falling from 5.8% Y-o-Y in H2 2024 to 2.8% Y-o-Y in the first six months of 2025. However, fixed capital formation increased by 5.2% Y-o-Y, thanks to improvements in private investment, particularly in machinery and equipment.

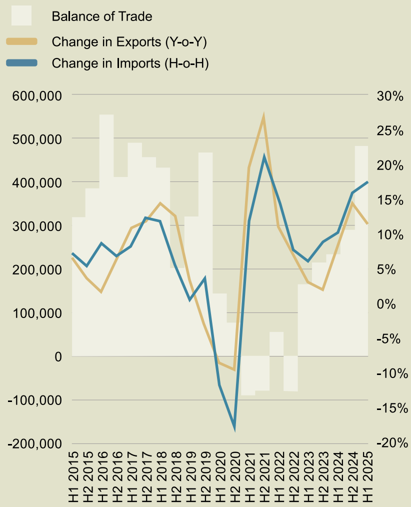
Exports value in terms of real GDP in H1 2025 grew by 12.3% year-on-year, accelerating from the 10.7% growth recorded in H2 2024, led by front-loaded exports ahead of the expiry of the U.S. Reciprocal Tariffs suspension, particularly on computers, machinery and equipment, and integrated circuits and parts. Meanwhile, imports value has a slower growth rate from 9.3% in H2 2024 to 6.4% in H1 2025. Headline inflation remained negative at -0.3% in June 2025, marking a third consecutive month due to declining prices of fresh food and energy items.

On the production side, the agricultural sector expanded by 6.1% Y-o-Y in H1 2025, while the non-agricultural sector showed signs of a slower growth rate, recorded at 2.7% Y-o-Y. The service sector experienced a contraction of 3.8% Y-o-Y in H1 2025, compared to 4.4% Y-o-Y in H2 2024. Specifically, within the service sector, there was a notable deceleration in the transportation and storage sector, from 9.1% in H2 2024 to 4.8% in H1 2025.

When looking at the logistics-related indicators from the Office of Industrial Economics (OIE), the production index experienced a slight increase from 93.4 in Q4 2025 to 96.7 in Q2 2025. At the same time, the finished goods inventory index saw a rise from 99.5 to 105.3. This combination suggests that while production activity has picked up, demand may not be keeping pace, leading to an accumulation of unsold goods. If this trend continues, it could signal a slowdown in future production, which would weigh on logistics and storage-related activities.

Thailand's Goods & Services Balance on Chain Volume Measures

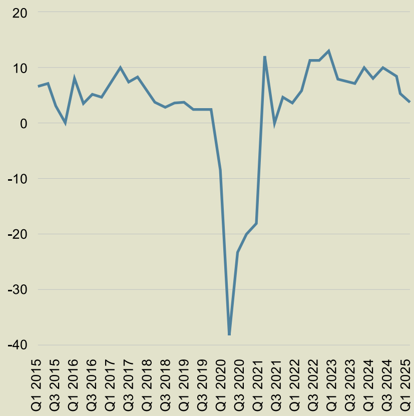
Thai Baht (Millions)



SOURCE: NESDC

Thailand's Transportation and Storage Sector

Y-o-Y (%)



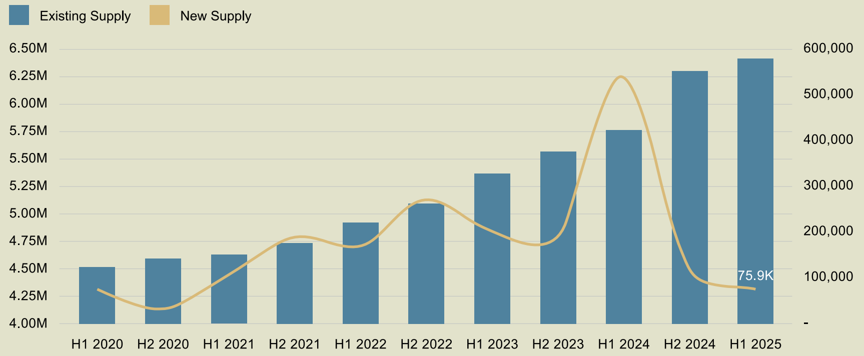
SOURCE: KNIGHT FRANK (THAILAND)
OCCUPIER STRATEGY & SOLUTIONS

SUPPLY

CURRENT SUPPLY

The total supply of ready-built warehouses in Thailand reached 6.49 million sq m in H1 2025, an additional 75,900 sq m of warehouse space compared to H2 2024. This addition represents a growth of 1.2% H-o-H and 3.6% Y-o-Y. Total supply added in this half is driven by new supply in Chonburi and Samutprakarn, while 35% of the total supply added is the expansion within existing projects. The new supply remained below 100,000 sq m since the second half of 2024, reflecting that logistics property players are being cautious in their development strategies.

Current Supply
SQ M



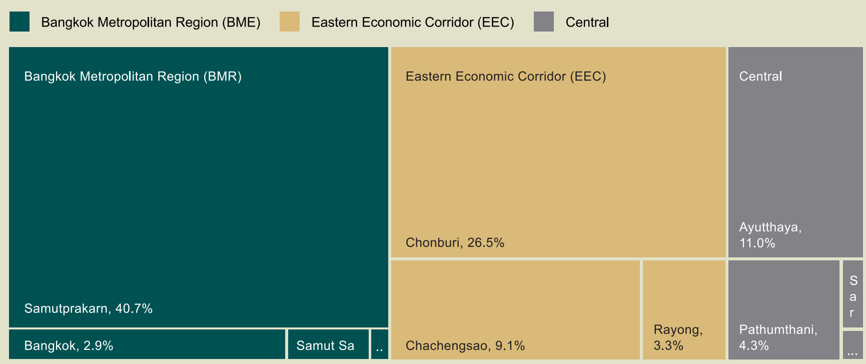
SOURCE: KNIGHT FRANK (THAILAND) – OCCUPIER STRATEGY & SOLUTIONS

SUPPLY DISTRIBUTION

Bangkok Metropolitan Region (BMR) continued to have the largest market share. During the first half of 2025, its supply increased by 2.2% Y-o-Y to 2.9 million sq m, or 44.7% market share of ready-built warehouses. The new supply added was in Samut Prakarn, which accounted for the largest portion at 40.7%, followed by Bangkok, Samut Sakhon, and Nonthaburi, which maintained the same supply.

The second-largest supply is in the EEC region, which accounts for 38.9% of the total supply, expanding by 5.6% Y-o-Y to reach 2.53 million sq m. Chonburi continued to lead in the EEC with a share of 26.5%, followed by Chachoengsao at 9.1% and Rayong at 3.3%. Meanwhile, the Central region remained unchanged in terms of total supply over the last 12 months, with a market share of 15.9%.

Net Lettable Area and Net Supply Change By Region
SQ M - Nearest Hundred



SOURCE: KNIGHT FRANK (THAILAND) – OCCUPIER STRATEGY & SOLUTIONS

6.49 million sq m

Total supply of ready-built warehouses in H1 2025 (+75,900 sq m from H2 2024)

44.7%

Bangkok Metropolitan Region (BMR) holds the largest share, equivalent to 2.9 million sq m

Net Lettable Area and Net Supply Change By Region

SQ M - Nearest Hundred

Region	Net Lettable Area as of H1 2025	%Change (H-o-H)	%Change (Y-o-Y)
Total	**6,497,094**	**1.2%**	**3.1%**
Bangkok Metropolitan Region (BMR)	2,906,661	0.8%	2.2%
Eastern Economic Corridor (EEC)	2,530,298	2.1%	5.6%
Central	1,036,278	0.0%	0.0%

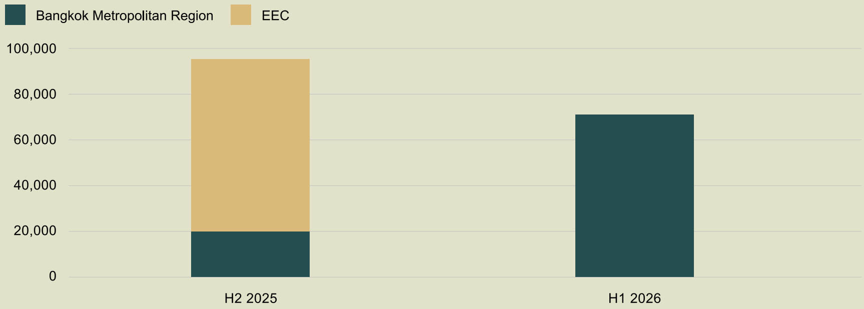
SOURCE: KNIGHT FRANK (THAILAND) – OCCUPIER STRATEGY & SOLUTIONS

FUTURE SUPPLY

The total size of future lettable area expected to be completed is 167,138 sq m, comprising 95,822 sq m in H2 2025 and 71,316 from 2026 onwards. This new space constituted only 2.6% of the current supply. The BMR is poised to host around 55% of the upcoming supply, followed by the EEC region, which will account for 45%.

Future Supply By Region

SQ M



SOURCE: KNIGHT FRANK (THAILAND) – OCCUPIER STRATEGY & SOLUTIONS

167,138 sq m

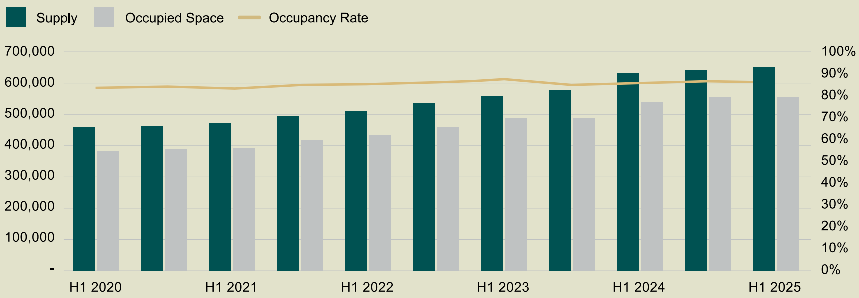
Future supply expected to be completed (representing only 2.6% of current stock)

DEMAND

Leasing activity weakened sharply in H1 2025. Gross take-up fell 7.4% half-on-half to 286,839 sq m, while space vacated rose by 68% to 266,503 sq m. Net absorption slowed to just 20,335 sq m, the lowest level seen in several years.

Supply, Demand & Occupancy Rate

SQ M



SOURCE: KNIGHT FRANK (THAILAND) – OCCUPIER STRATEGY & SOLUTIONS

This slowdown reflects occupiers adopting a wait-and-see approach rather than widespread tenant exits. Expansion plans are being deferred in light of weaker consumption, elevated costs, and rising household debt. Manufacturers are not actively expanding inventory capacity; instead, unsold stock is building up as production outpaces demand, temporarily sustaining space requirements but signalling future downside risk.

The overall occupancy rate slipped slightly to 85.8%, down 0.7 percentage points half-on-half. The decline highlights weaker new leasing but also shows most tenants are holding on to their space.

Regional trends diverged

- **Eastern Economic Corridor (EEC) :** Net demand contracted significantly, with occupancy down 2.2 percentage points to 80.1%. This was driven by both new supply and weaker export-import activity, reflecting the EEC's dependence on global trade flows. Tariff uncertainty and slowing orders are weighing heavily on this region.

- **Bangkok Metropolitan Region (BMR) :** Leasing slowed, but occupancy slipped only 0.5 points to 90.6%. The region remains the most resilient, underpinned by its role in domestic distribution, although activity is clearly more subdued than in prior years.

- **Central region :** In contrast, occupancy improved by 2.7 points to 86.5%. This was less a result of rising demand than of stable supply and more resilient domestic consumption, which helped preserve balance.

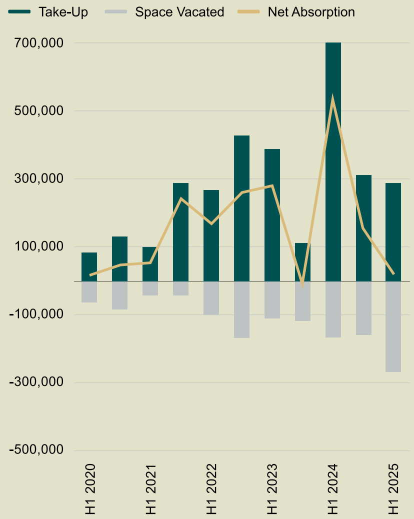
Sector-specific dynamics remain uneven

E-commerce logistics providers continue to lease space but at a slower rate, reflecting softer household spending. Demand is concentrated in efficiency-driven relocations and network adjustments, not broad expansion. Manufacturing demand has weakened, with inventory accumulation pointing to overhangs rather than growth.

Taken together, the picture is of a market where occupiers are consolidating and holding existing space, but very reluctant to commit to new leases. Demand is fragile, regionally uneven, and increasingly dependent on a handful of resilient niches rather than broad-based growth.

Demand Dynamics

SQ M



SOURCE: KNIGHT FRANK (THAILAND)
OCCUPIER STRATEGY & SOLUTIONS

Occupancy Rate By Region

Region	H1 2025	% Point Change	
		(H-o-H)	(Y-o-Y)
Total	**85.8%**	**▼ 0.7% pts**	**0.0%**
Bangkok Metropolitan Region	90.6%	▼ 0.5% pts	▼ 0.1% pts
Eastern Economic Corridor (EEC)	80.1%	▼ 2.2% pts	▲ 0.6% pts
Central	86.5%	▲ 2.7% pts	▼ 0.4% pts

SOURCE: KNIGHT FRANK (THAILAND)
OCCUPIER STRATEGY & SOLUTIONS

RENTAL RATES

The average asking rent for ready-built warehouses in Thailand increased by 0.8% H-o-H to 161.5 baht per sq m per month in H1 2025. Apart from the new projects, the asking rents for most properties remained stable, with a small number of properties raising their rental rates in response to strategic locations near high-demand logistics corridors. On a regional basis, the greatest increase occurred in the Eastern Economic Corridor (EEC) and the Central region, where the average asking rent both grew by 1.3% H-o-H to 164 baht and 154 baht per sq m per month, respectively. However, the asking rent increased minimally in the Bangkok Metropolitan Region (BMR), increasing by 0.2% H-o-H to 163 baht per sq m per month.

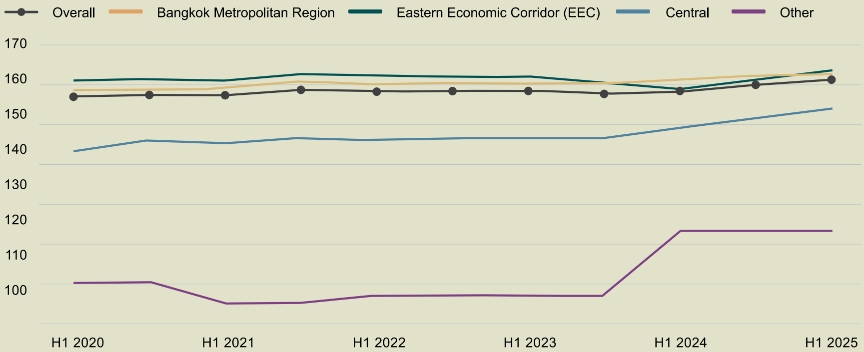
Asking rent spreads for RBWs in Thailand show considerable variation depending on the region. In comparison, the minimum asking rents were relatively the same at around 110-120 baht per sq m per month. The ceiling rents remained consistent across different regions, with 230 baht per sq m per month in the BMR, 210 baht in the EEC region, and 135 baht for other regions. However, the Central region has seen an increase in its ceiling rent to 182 baht per sq m per month, suggesting a stronger interest or improved specifications in select properties. Overall, the range of rents has remained fairly stable, reflecting that landlords are being cautions with their pricing strategies amid mixed market conditions.

THB 161.5 sq m/month

Average asking rent (+0.8% H-o-H)

Ready-Built Warehouse Asking Rent By Region

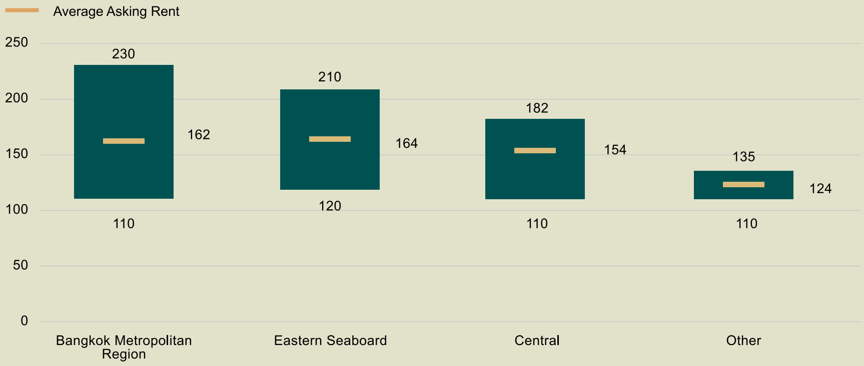
Baht Per SQ M Per Month



SOURCE: KNIGHT FRANK (THAILAND) – OCCUPIER STRATEGY & SOLUTIONS

Ready-Built Warehouse Asking Rent Spreads

Baht Per SQ M Per Month



SOURCE: KNIGHT FRANK (THAILAND) – OCCUPIER STRATEGY & SOLUTIONS

REVIEW

The logistics property market entered a period of consolidation in H1 2025. Net absorption has slowed to its lowest level in years, reflecting a broad pause in tenant expansion. Yet occupancies remain relatively stable, with only a slight overall decline, showing that most occupiers are holding on to their space rather than vacating.

Looking ahead to H2 2025, the market faces continued headwinds:

- **Domestic consumption** is likely to remain subdued, constrained by high household debt and softening real incomes.
- **Inventory overhangs** suggest production may slow further, which would dampen warehouse demand in the coming quarters.
- **Global trade volatility** - particularly tariff uncertainty - will continue to weigh on the EEC, which remains highly exposed to export-driven occupiers.

On the supply side, limited new completions will help cushion the market from a more pronounced fall in occupancy. Landlords are likely to maintain asking rents, but incentives may become more common as competition for tenants increases. Effective rents could come under pressure if weak demand persists into 2026.

Medium-term fundamentals remain intact: Thailand's role as a regional manufacturing base, its connectivity, and targeted government incentives continue to support the case for logistics investment. However, near-term recovery depends on macro stabilisation.

Key themes to watch:

1. **Household consumption trends** - whether policy support or income growth can offset debt burdens.
2. **Trade policy volatility** - U.S. tariffs and global demand shifts will heavily influence the EEC.
3. **Inventory cycles** - whether stockpiles are worked down or trigger production cuts.
4. **Sectoral resilience** -select e-commerce logistics providers may outperform, but broader occupier demand remains weak.

OUTLOOK

2025 is set to remain a year of consolidation. Occupancies will likely soften only gradually, but leasing activity will stay muted and decision cycles elongated. Asking rents should hold in the short term, though effective rates may weaken. The market is not in distress, but nor is it expanding, it is in a holding pattern, waiting for macro conditions to improve.

Recent Research

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We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

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