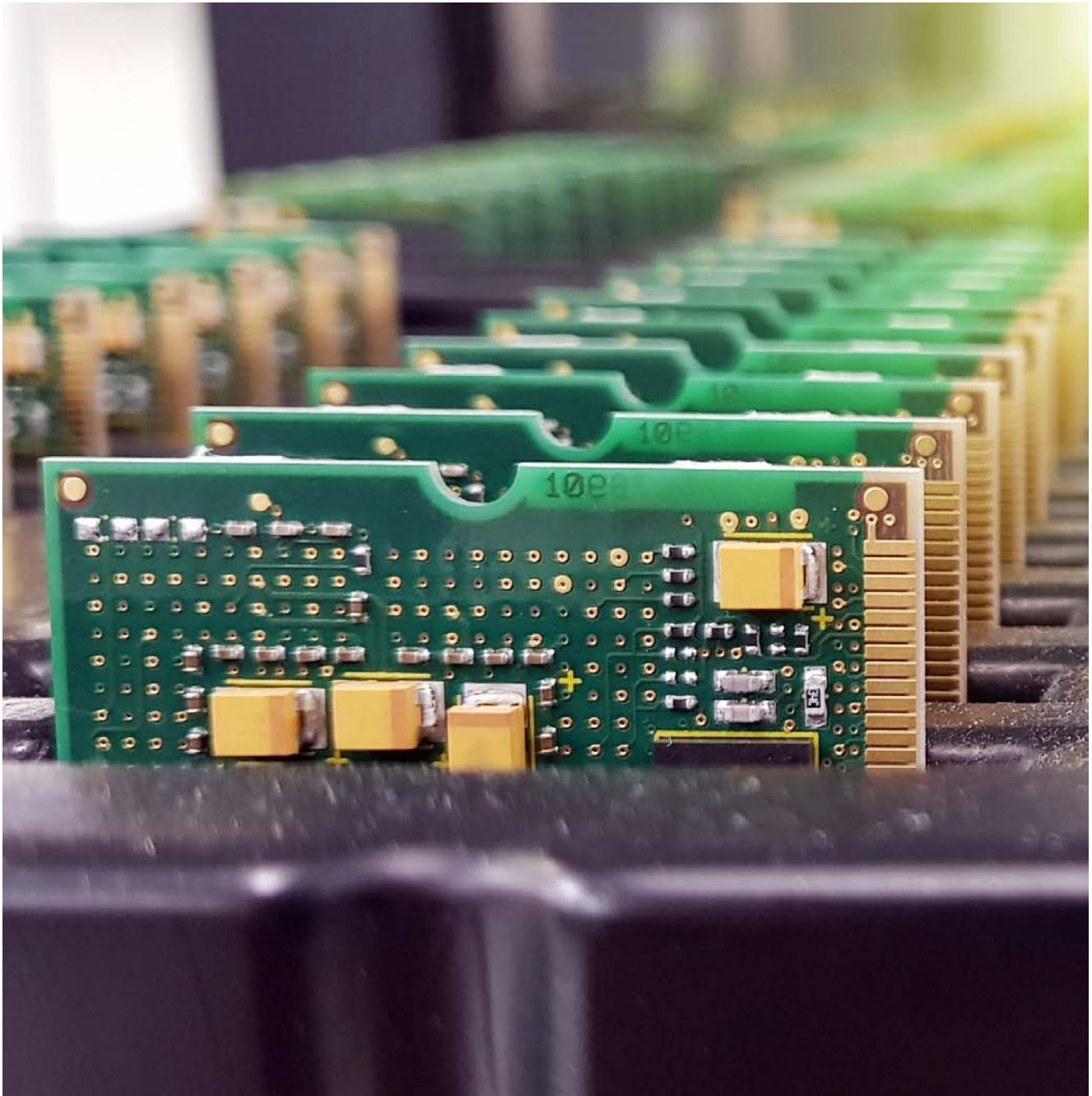


# Thailand Manufacturing Property

Market Overview 2021



## HIGHLIGHTS

1

TOTAL AMOUNT OF SILP FOR SALE OR LEASE, INCREASED BY 857 RAI TO A TOTAL OF 170,322 RAI.

2

DEMAND REBOUNDED AS 2,253 RAI WAS SOLD OR LEASED, INCREASING BY 37% FROM THE PREVIOUS YEAR.

3

THE MARKET OCCUPANCY RATE IMPROVED BY 1% TO 80% AS TRANSACTIONS EXCEEDED THE AMOUNT OF NEW SUPPLY.

4

WITH THE REBOUND IN TRANSACTION ACTIVITY, THE AVERAGE ASKING PRICE FOR SILP ROSE TO 5.7 MILLION BAHT PER RAI, HAVING INCREASED BY 7%.



**MARCUS BURTENSHAW**  
Executive Director,  
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As the pandemic is slowly being brought to heel, the easing of travel restrictions has led to an uptick in demand for manufacturing sites. We expect to see continued growth in FDI as firms seek to build more resilience in their supply chains by diversifying their exposure to geographical and geopolitical risks.



## SERVICED INDUSTRIAL LAND PLOT MARKET INDICATORS

% Change Y-o-Y	169,899 SUPPLY (rai)	2,148 LAND SOLD (rai)	80.1% OCCUPANCY RATE	5.7M ASKING PRICE (THB / rai)
▲ 0.3%	▲ 30.6%	▲ 0.8% pts.	▲ 6.8%	

### Economic Overview

In Q4 2021, Thailand’s GDP expanded by 1.9%, recovering from a 0.2% reduction recorded in the previous quarter. For the full year, the Thai economy grew by 1.6%, recovering from the 6.2% contraction in 2020.

Exports of goods and services expanded by 17.7% in Q4, improving further from the 12.3% growth recorded in Q3. The export of rice and manufacturing products including passenger cars, pickup trucks, and vehicle parts grew significantly over the past year. Meanwhile, imports of goods and services also expanded, having increased by 16.6%, driven by growth across major categories from consumer goods to raw materials. For the full year, exports grew by 10.4% while imports grew by 17.9%. Private consumption expenditure

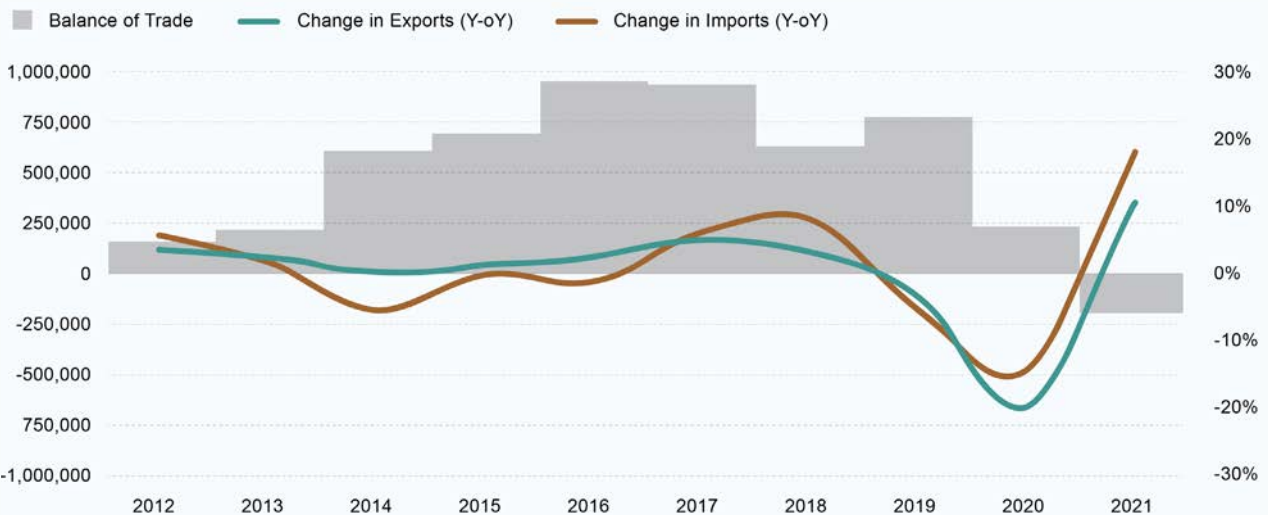
increased by 0.3% on the back of the consumption stimulus schemes and the easing of COVID-19 control measures. Government consumption expenditure increased by 8.1%, accelerating from a 1.5% growth in Q3 following more purchases of goods and services and an improved budget disbursement rate. However, total investment contracted by 0.2%. Although public investment expanded by 1.7%, private investment declined by 0.9% as investment in machinery and equipment fell.

The Thai manufacturing sector demonstrated signs of recovery in 2021. Despite some volatility because of COVID-19, the Manufacturing Productivity Index (MPI) was at 103 points by year-end, the highest level recorded since August 2019. Key industries that expanded this year

included the automobile industry, which saw increased demand from trading partners following the gradual easing of lockdown measures internationally. Electronic components also experienced significant growth because of increased demand for electronic products to support cloud computing and data centers as well as remote work and education. Meanwhile, the amount of Foreign Direct Investment (FDI) approved by the BOI rebounded, rising by 42% Y-o-Y to 512 billion baht and reversing 5 years of consecutive decline. Leading the way in total investment value approved is Service and Public Utilities (35%) followed by Electrical Appliances and Electronics Industry (16%).

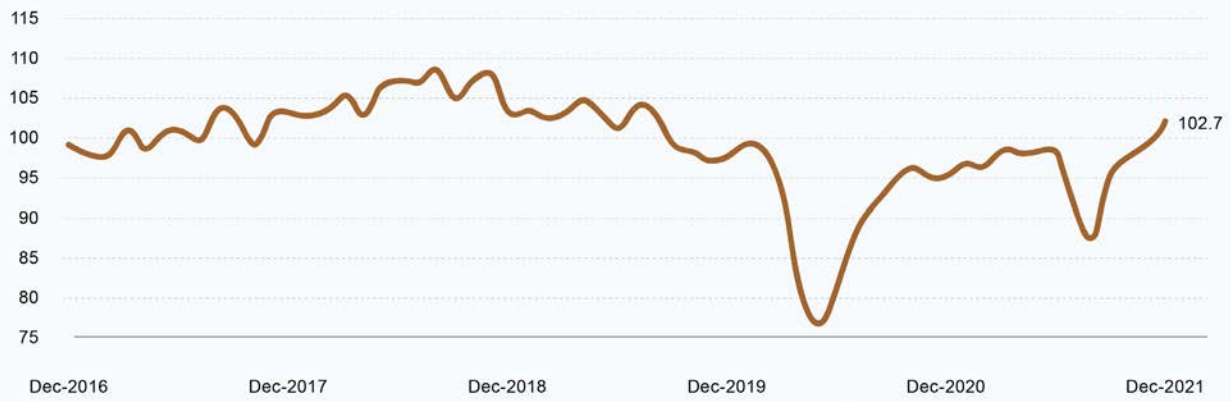
FIGURE 1  
THAILAND GOODS & SERVICES BALANCE

THAI BAHT (MILLIONS)



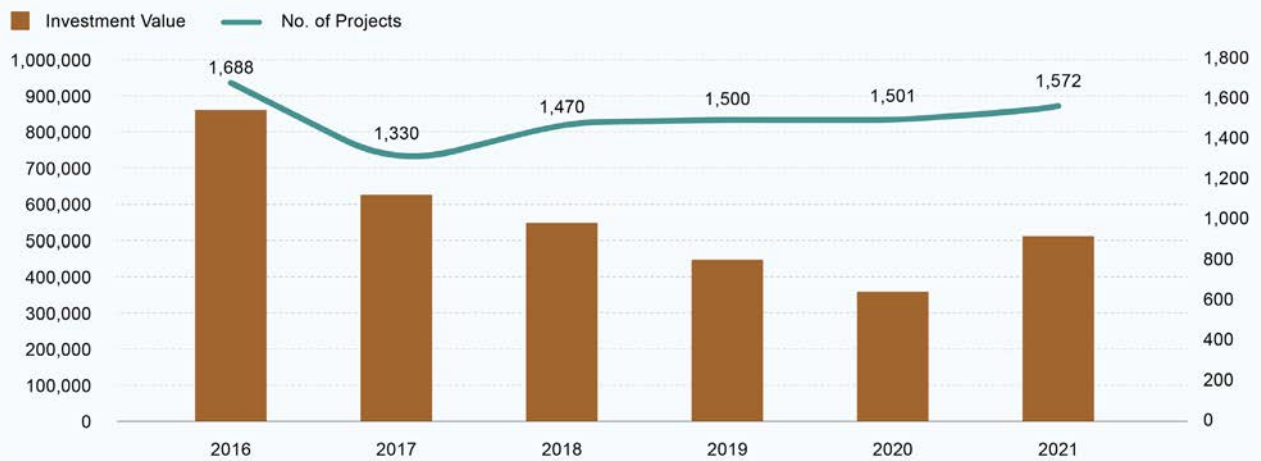
SOURCE: NESDC

**FIGURE 2**  
**THAILAND MANUFACTURING PRODUCTIVITY INDEX**  
 (MPI – SEASONALLY ADJUSTED)



SOURCE: OFFICE OF INDUSTRIAL ECONOMICS

**FIGURE 3**  
**THAILAND FOREIGN DIRECT INVESTMENT (FDI) APPROVED BY THE BOI**  
 THAI BAHT (MILLIONS)



SOURCE: THAILAND BOARD OF INVESTMENT

Factory operations in Thailand remained relatively stagnant with limited movement, both expansionary and contractionary. The number of new factory operations was tallied at 2,612, almost identical to the number in the previous year. On the other hand, the number of factories that ceased operations fell slightly, dropping by 6% to 697. Meanwhile, the number of existing factories that expanded operations declined from 690 to 255.

FIGURE 4  
THAILAND FACTORY OPERATIONS  
NUMBER OF FACTORIES



SOURCE: DEPARTMENT OF INDUSTRIAL WORKS

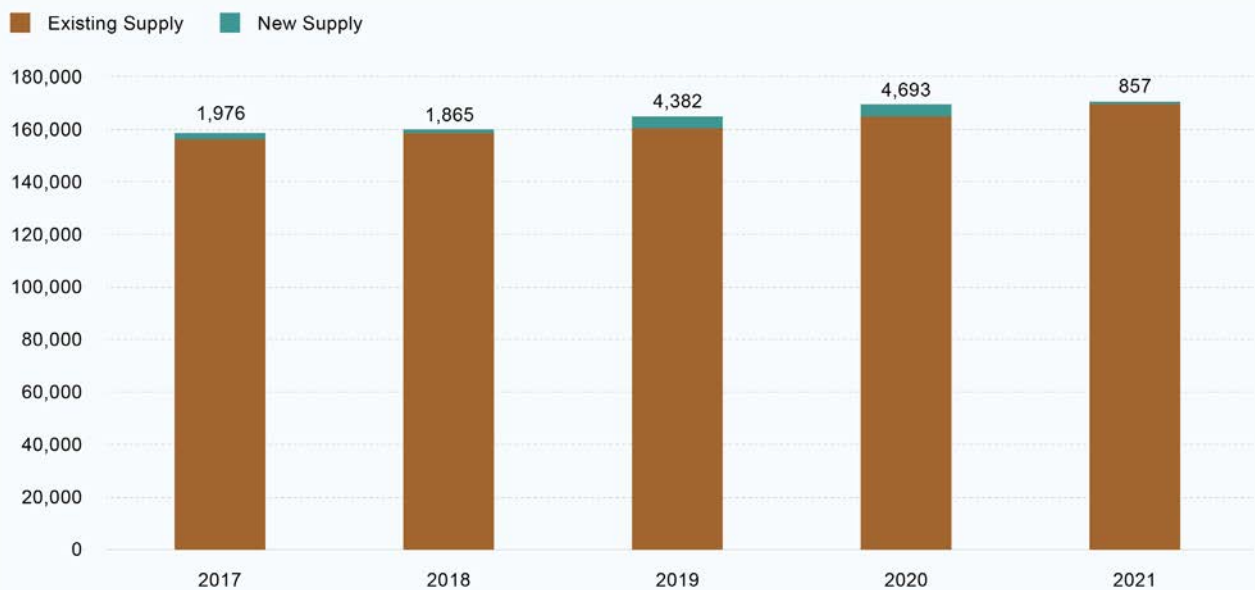
## SERVICED INDUSTRIAL LAND PLOTS (SILP)

### Supply

In 2021, the total amount of serviced industrial land plots (SILP) for sale or lease, which is land made available for sale or lease in industrial estates, zones and parks, increased by just 0.5% or 857 rai to a total of 170,322

rai. Although many industrial projects were announced throughout the year, only Siam Eastern Industrial Park 3 (SEP 3) and Rojana Chonburi 2 were ready for sale.

FIGURE 5  
THAILAND SERVICED INDUSTRIAL LAND PLOTS AVAILABLE FOR SALE / LEASE  
RAI



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

## Supply Distribution

SILP in Thailand remain heavily concentrated in the Eastern Seaboard, with a market share of 62%. Supply increased by 1% Y-o-Y to reach 105,694 rai. Meanwhile, no supply growth was recorded in other submarkets. The Eastern Seaboard is a traditional manufacturing hub, with areas ranging from heavy industry, especially in the areas of petroleum, petrochemicals, to automotive manufacturing. It benefits from an unparalleled level of transport infrastructure in the form of the U-Tapao airport, Map Ta Phut and Laem Chabang deep seaports, all of which are undergoing expansion to increase total service capacity. In addition, the designation of the area as the Eastern Economic Corridor

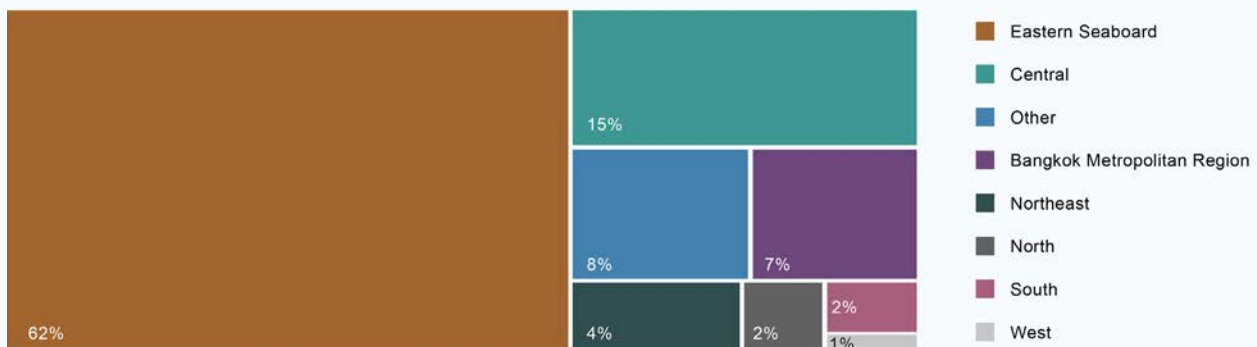
(EEC) to help transform Thailand into a powerhouse for industrial production has generated a significant amount of investment from both public and private entities over the past few years.

The Central Region, consisting of Ayutthaya, Pathum Thani and Saraburi, holds the second largest market share at 15% or 26,200 rai. The area is a major cluster for appliance and electronic manufacturers, which has contributed to Thailand's status as the world's top HDD and components manufacturer and 2nd largest producer of air conditioning units. The Central Region was dealt a major setback following the major flooding in 2011 but has gradually

recovered and continues to generate substantial interest from investors, although supply growth has been rather limited. Despite the heavy concentration of industrial land activity in these 2 key regions, the government still maintains its target to spread economic growth across the country via the development of Special Economic Zones (SEZs) including in border provinces such as Tak, Trat, Mukdahan and Nong Khai. This is reflected in the SILP pipeline. The Tak Industrial Estate and Nong Khai Industrial Estate are projected to add 837 rai and 2,961 rai of industrial land to their respective provinces in 2022.

FIGURE 6

THAILAND SERVICED INDUSTRIAL LAND PLOTS DISTRIBUTION BY REGION



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

TABLE 1

THAILAND SERVICED INDUSTRIAL LAND PLOTS DISTRIBUTION BY REGION

RAI

Region	Saleable / Lettable Area	% Change (Y-o-Y)
<b>Total</b>	<b>170,322</b>	<b>▲ 0.5%</b>
Bangkok Metropolitan Region	12,077	0.0%
Eastern Seaboard	105,694	▲ 0.8%
Central	26,200	0.0%
North	3,204	0.0%
Northeast	6,630	0.0%
South	2,708	0.0%
West	942	0.0%
Other	12,867	0.0%

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

TABLE 2  
**THAILAND SERVICED INDUSTRIAL LAND PLOTS FUTURE SUPPLY**  
 RAI

Industrial Estate	Province	Area Size	Projected Completion Year
Tak Industrial Estate	Tak	837	2022
Nong Khai Industrial Estate	Nong Khai	2,961	2022
Smart Park Industrial Estate	Rayong	1,500	2022
Asia Clean Industrial Estate	Chonburi	1,300	2022
EGCO Rayong Industrial Estate	Rayong	621	2023
CP Industrial Estate	Rayong	3,068	2023
Gemopolis City	Bangkok	600	TBA
Trat Industrial Estate	Trat	889	TBA
Mukdahan Industrial Estate	Mukdahan	1,081	TBA
Amata City Chonburi Project 2	Chonburi	8,226	TBA

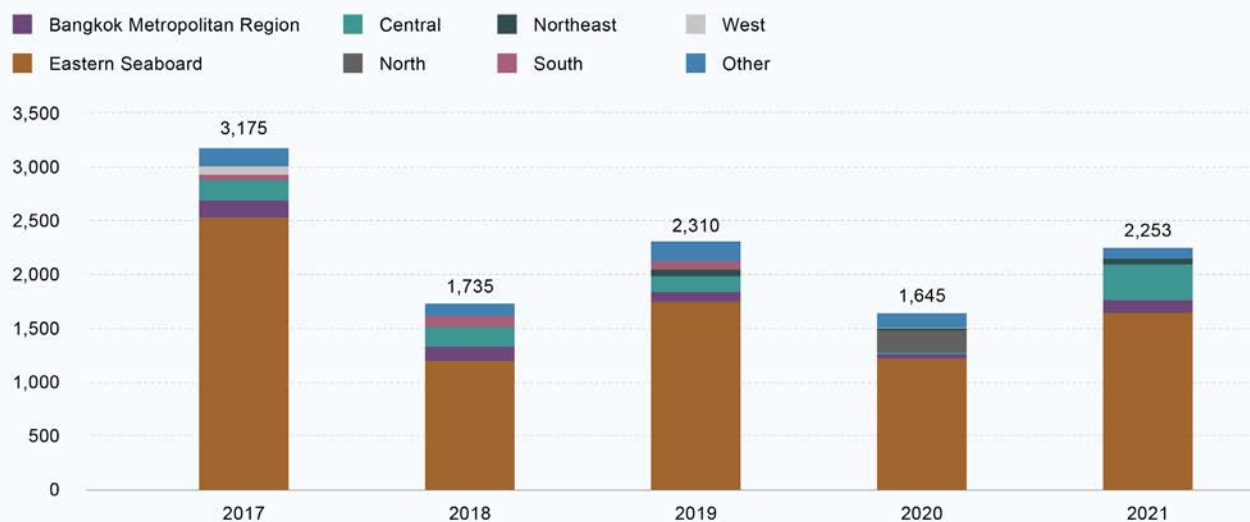
SOURCE: KNIGHT FRANK (THAILAND) – OCCUPIER STRATEGY & SOLUTIONS

## Demand

Demand for SILP rebounded in 2021 as 2,253 rai was sold or leased in 2021, increasing by 37% from the previous year. This is in line with the 5-year average of 2,223 rai of industrial land transacted annually. As expected, the Eastern Seaboard drove the bulk of transaction activity with 1,656 rai

sold or leased, representing 74% of the total. The central region also experienced significant activity as 324 rai was transacted, a marked improvement from 13 rai in 2020 and the highest level since 2016. Excluding these 2 key submarkets, 156 rai was sold or leased.

FIGURE 7  
**THAILAND SERVICED INDUSTRIAL LAND PLOTS SOLD/LEASED BY REGION**  
 RAI



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

The market occupancy rate improved by 1% to 80% as transactions exceeded the amount of new supply. The Bangkok metropolitan region, Eastern Seaboard, Central and Northeast experienced slight growth

in their respective occupancy rates. Occupancies in all other regions remained constant. The Central region remains the area with the highest occupancy rate, which has now risen to 90%.

TABLE 3  
THAILAND SERVICED INDUSTRIAL LAND PLOTS AVAILABILITY BY REGION

Region	2021	% pt. Change Y-o-Y
<b>Overall</b>	<b>80%</b>	<b>▲ 0.8%</b>
Bangkok Metropolitan Region	85%	▲ 0.9%
Eastern Seaboard	79%	▲ 0.8%
Central	90%	▲ 1.2%
North	87%	0.0%
Northeast	66%	▲ 0.9%
South	48%	0.0%
West	75%	0.0%
Other	75%	▲ 0.7%

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

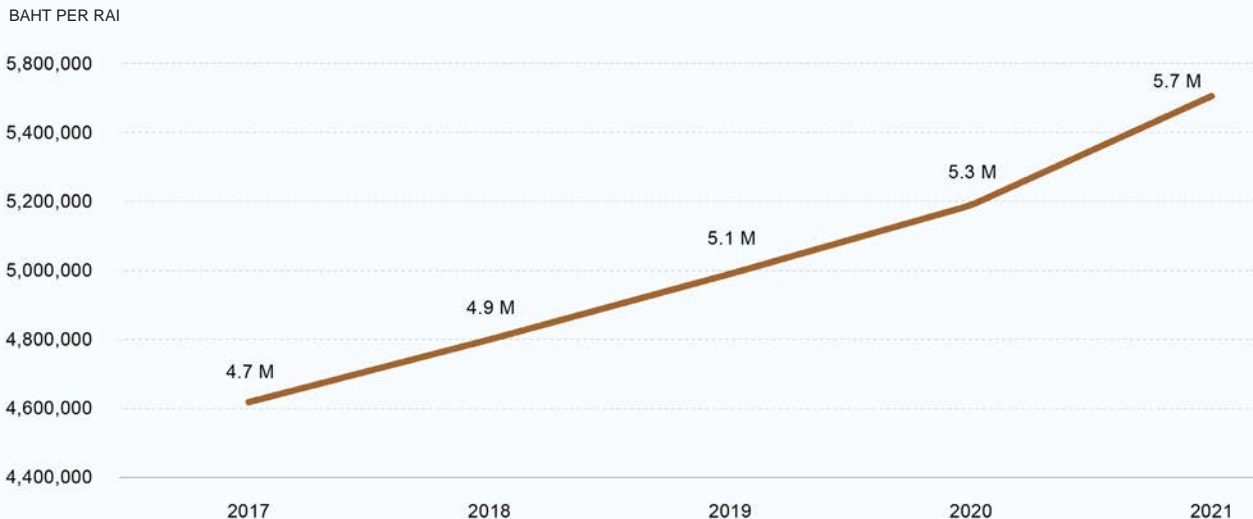
### Asking Prices

With the rebound in transaction activity, the average asking price for SILP increased substantially. The market rate rose to 5.7 million baht per rai, having increased by 7%. In comparison, the 5-year annual increase is around 4%. On average,

prices increased by 240,000 baht, although in some areas it increased by upwards of 400,000 baht. The Bangkok metropolitan region and Eastern seaboard remain the most expensive areas, having risen to 9.5 million baht and 6.4 million baht

respectively. The asking price spread in the Eastern seaboard is the widest across the market, starting from 2.8 million baht to a market high of 12.5 million baht. This reflects the variety and abundance of SILP available in Thailand's largest submarket.

FIGURE 8  
THAILAND SERVICED INDUSTRIAL LAND PLOTS AVERAGE ASKING PRICE



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



TABLE 4

**THAILAND SERVICED INDUSTRIAL LAND PLOTS AVERAGE ASKING PRICE BY REGION**

BAHT PER RAI (MILLION)

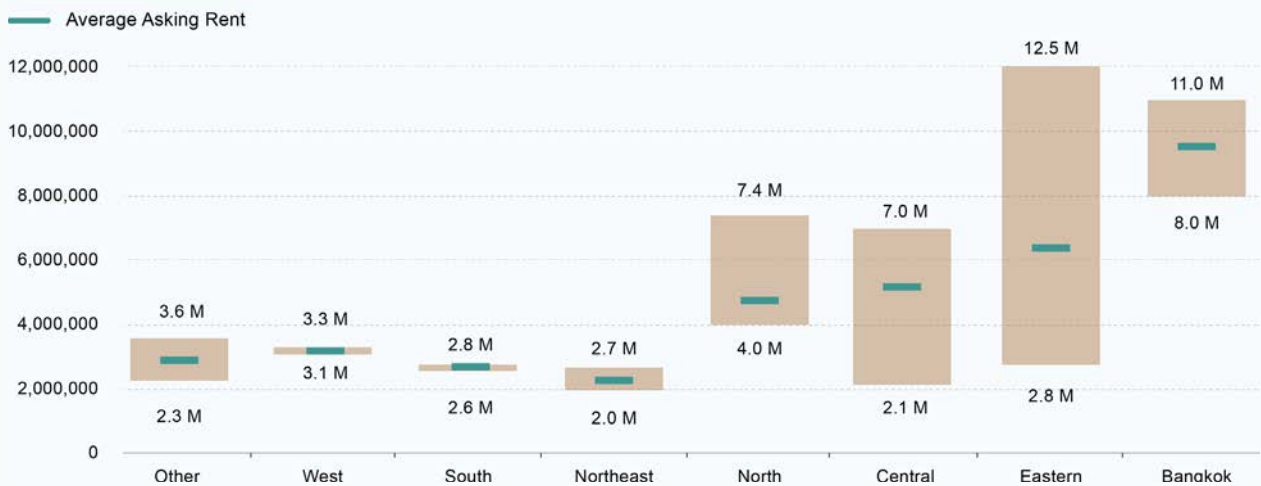
Region	2021	% Change Y-o-Y
<b>Overall</b>	<b>5.7</b>	<b>▲ 6.8%</b>
Bangkok Metropolitan Region	9.5	▲ 1.4%
Eastern Seaboard	6.4	▲ 6.9%
Central	5.2	▲ 7.1%
North	4.8	0.0%
Northeast	2.3	▲ 26.7%
South	2.7	▲ 17.6%
West	3.2	▲ 3.2%
Other	2.9	▲ 1.7%

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

FIGURE 9

**THAILAND SERVICED INDUSTRIAL LAND PLOTS AVERAGE ASKING PRICE SPREAD**

BAHT PER RAI



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

## Review & Outlook

The Thai manufacturing property market demonstrated signs of recovery in 2021 as global supply chains better adjusted to disruptions caused by the COVID-19 pandemic globally. As such, we witnessed the rebound of several key indicators such as the MPI and amount of foreign direct investment approved by the BOI. The total amount of SILP transacted also increased with prices continuing to rise to record levels.

Plenty of growth opportunities for the manufacturing property market in the medium to long term remain. Many international companies continued to relocate their manufacturing bases out of China to reduce risk and diversify their supply chains. Good infrastructure, a centralized location in the region and incentives offered by the BOI will make Thailand even more attractive to international investors. The EEC continues to receive substantial interest and will likely remain the key driver of investment activity going forward, outpacing all other regions with 453 projects worth 220 billion baht requesting approval from the BOI in 2021.

As we predicted, the promotion of Thailand as an international hub for medical goods and services and the BOI making the medical cluster a priority has yielded positive results. BOI approved investment in the medical sector jumped from 13 billion baht in 2019 and 16 billion baht in 2020 to 60 billion baht this year. Meanwhile, the rise of the digital economy globally has also given rise to product and infrastructural development in this space. Investments made to in the digital industry in Thailand are eligible to receive considerable incentives with the new promotion schemes rolled out over the past few years. One area that has already undergone noticeable movement is the data center market, with many leading international players partnering with local developers to seek out land to develop their data centers. By some estimates, Thailand's data center market is expected to see a compound annual growth rate of 26.5% between 2019 and 2026 to reach around 30 billion baht.

Nevertheless, there are some looming threats to growth in Thailand's manufacturing property market. The Russian invasion of Ukraine has added considerable strain to global economic conditions following sanctions imposed on Russia.

Although Thailand's trade with Russia is relatively modest, accounting for 90 billion baht or only around 0.5% of the total international trading value of Thailand in 2021, knock-on effects from the conflict pose several risks to the Thai economy and the manufacturing sector. Several industries are already feeling the effects of the conflict, which have translated to higher costs of transport and consumer goods. Some issues such as the microchip shortage in the automobile industry will need to be tackled urgently if the slowdown in exports is to be mitigated. Meanwhile, surging food prices for products such as instant noodles and condensed milk may soon cut down consumer spending power if left uncontrolled.

## Glossary

### Serviced Industrial Land Plots

- Land made available for sale/lease in industrial estates, zones and industrial parks

### Bangkok Metropolitan Region

- Includes Bangkok, Samut Prakan, Samut Sakhon

### Eastern Seaboard (EEC)

- Includes Chachoengsao, Chonburi, Rayong

### Central

- Includes Ayutthaya, Pathum Thani, Saraburi

### West

- Includes Ratchaburi, Petchaburi, Prachuap Khiri Khan

### South

- Includes Songkhla, Pattani

### Northeast

- includes Nong Khai, Nakhorn Ratchasima

### North

- Includes Lamphun, Pichit

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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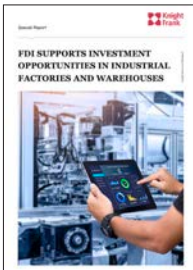


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