Thailand Research

Manufacturing

1H 2025

An overview review of Manufacturing market in 1H 2025
by Knight Frank Thailand

knightfrank.co.th/research

In 1H 2025, Thailand experienced a remarkable 85% Y-o-Y increase in foreign direct investment approvals, exceeding 350 billion Baht across 530 projects. a significant portion of this FDI was concentrated in key sectors, particularly digital (+900%) and electrical and electronics (+146%). Demand for Serviced Industrial Land Plots (SILPs) also surged, reaching 4,684 rai, reflecting a 34.0% H-o-H growth. Although new factory licenses are declining, the rise in industrial land sales and FDI suggests a move towards larger, capital intensive initiatives.

As we look towards the remainder of 2025, land sales may slow down as manufacturers evaluate tariff risks and adjust their supply chains. Nevertheless, with Thailand's established infrastructure, supportive policy direction, and strategic sectoral focus, the country remains well-positioned to attract valuable investments in the future as well as a shift towards capital-intensive projects and flexible space solutions, even though the number of new factory operations is lower than in past cycles.

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SERVICED INDUSTRIAL LAND PLOT MARKET INDICATORS

	SUPPLY (rai)	LAND SOLD (rai)	CUMULATIVE SALES RATE	AVERAGE ASKING PRICE (THB/rai)
	184,028	4,684	90.0%	6.64M
% Change H-o-H	▲ 1.5%	▲ 34.0%	▲ 1.2%	▲ 4.5%

READY-BUILT FACTORIES MARKET INDICATORS

	SUPPLY (sq m)	OCCUPIED SPACE (sq m)	OCCUPANCY RATE	ASKING RENT (THB/sq m/month)
	3.28M	3.15M	96.2%	200.3
% Change H-o-H	0.0%	▲ 3.7%	▲ 3.4%	▲ 0.5%

MARKET OVERVIEW

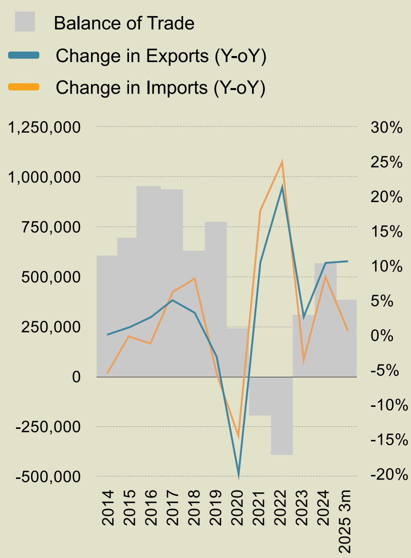
Thailand's economy continued its gradual recovery of 3.1% expansion in Q1 2025, following 3.3% growth in the previous quarter, helped by a significant improvement in the trade balance prior to the U.S. import tariff hike and a rebound in public investment.

A core driver was the continuous expansion and acceleration in exports of goods, which reached a value of USD 80.44 billion, marking the highest in 13 quarters. A robust showing of high-tech manufacturing, including computers and parts, which soared by 130.8%, electrical appliances rose 50.4%, and telecommunication equipment increased 24.6% was the major contributor. The automotive sector also contributed positively, with exports of automobiles and parts up 24.7%. Also, public investment surged by 26.3%, marking its third consecutive quarter of strong expansion, primarily due to increased capital disbursements from the central government.

However, private investment remained sluggish, falling by 0.9%, reflecting continued wariness among businesses amid uncertainties in global trade policy. Private consumption has also slowed with growth of just 2.6% down from 3.4% in the previous quarter. Spending has generally slowed, particularly on durable goods like vehicles. While exports and government spending have contributed to support overall growth, the domestic economy is still facing long-term structural challenges that are holding back a stronger recovery.

Thailand's Goods & Services Balance

Thai Baht (Millions)

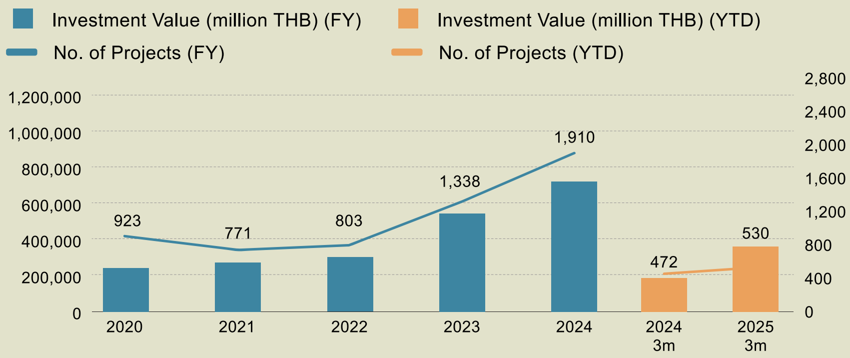


SOURCE: NESDC

In June 2025, Thailand's Manufacturing Production Index (MPI) stood at 97.18, growing by 0.58% Y-o-Y, indicating a clear rebound after months of subdued performance below the 97 threshold. Key industries, such as the automotive sector, primarily focused on hybrid and electric vehicles, continue to bolster export growth. Agricultural production has also increased, benefiting from favorable conditions and robust international demand, particularly in palm oil and sugar. These advancements reflect an improvement in industrial activity and growing confidence in Thailand's manufacturing recovery.

Thailand's Foreign Direct Investment (FDI) Approved by The BOI

Thai Baht (Millions)

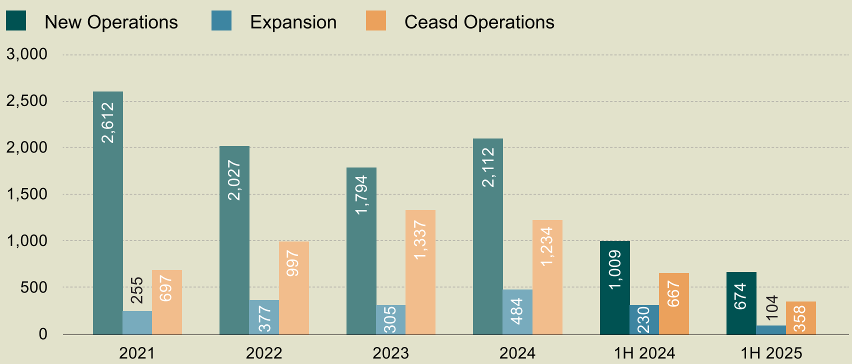


SOURCE: THAILAND BOARD OF INVESTMENT

According to the Board of Investment (BOI), investment promotion activity remained strong in Q1 2025. The number of approved projects rose to 530, up from 472 in the same period of 2024, signaling continued investor confidence. Total investment value reached approximately 368,510 million baht, reflecting a notable increase from 198,346 million baht in Q1 2024. The sharp increase in high-value projects in the digital sector, which surged by more than 900% year-on-year to 205,985 million baht in approved investments, followed by the electrical and electronics industry at 79,334 million baht, and the automotive and parts at 23,205 million baht, is the key driver. This trend underscores Thailand's strategic shift toward high-value industries and reinforces its growing role as a regional hub for technology, electronics, and advanced manufacturing.

Thailand Factory Operations

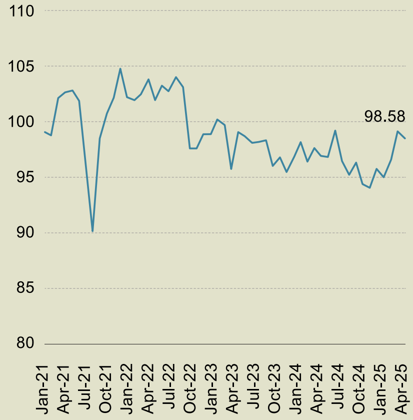
Number of Factories



SOURCE: DEPARTMENT OF INDUSTRIAL WORKS

Thailand Manufacturing Productivity Index

(MPI – Seasonally Adjusted) Base Year 2021



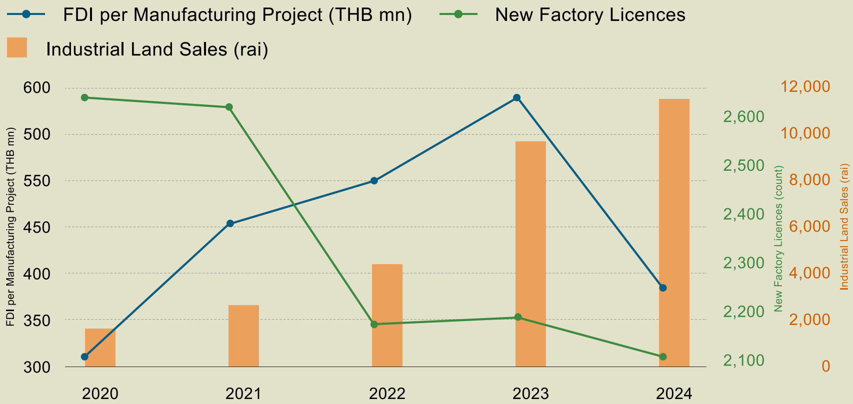
SOURCE: OFFICE OF INDUSTRIAL ECONOMICS

900%

In Q1 2025, approved investments in the digital sector surged by over 900% Y-o-Y, underscoring Thailand's strategic focus on high-value industries.

Factory operations in Thailand contracted modestly in the first half of 2025 compared to the same period last year. The number of new factory operations declined by 33%, from 1009 in 2024 1H to 674 in 2025 1H. On the other hand, the number of factories that ceased operations dropped significantly by 46% to 358. Meanwhile, the number of existing factories that expanded operations saw a sharper contraction, falling by 55% from 230 to 104.

Reconciling Land Sales, FDI, and Factory Licences (2020-2024)



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

At first glance, the recent surge in industrial land sales and FDI approvals appears inconsistent with the decline in new factory licenses. The explanation lies in two overlapping trends. First, consolidation within manufacturing is occurring, with fewer but much larger projects being developed, particularly in capital-intensive industries such as electric vehicles, advanced electronics, and battery production. These projects require significantly more land and investment value per facility, meaning license counts understate the true scale of activity.

Second, an increasing share of land demand is coming from operators that do not require factory licenses, such as data centres, logistics hubs, and renewable energy projects. These investments boost land absorption and FDI statistics but do not appear in DIW factory license data.

Taken together, these trends suggest that the industrial property market is evolving away from the traditional model of multiple small to medium-sized factories and towards a mix of larger, high-value manufacturing facilities and non-factory industrial uses. This explains the divergence between land sales, FDI inflows, and factory license counts, and highlights Thailand's transition toward more complex, capital-intensive forms of industrial development.

SERVICED INDUSTRIAL LAND PLOTS (SILP)

SUPPLY

In 1H 2025, the total amount of services industrial land plots (SILP) for sale or lease rose by 1.5% to 184,028 rai. Although the expansion within existing industrial estates drove the increase, a notable new addition during this period was WHA Eastern Seaboard Industrial Estate 3.1 (WHA ESIE 3.1), which became available for sale in early 2025.

SUPPLY DISTRIBUTION

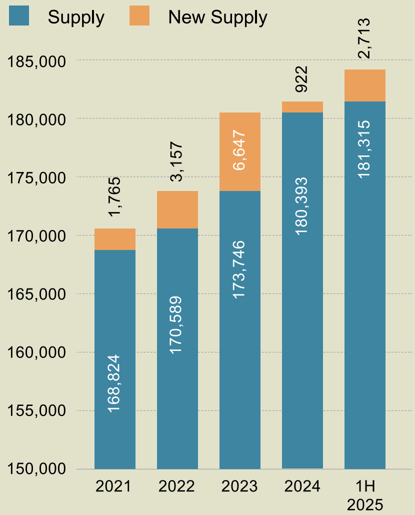
In 1H 2025, serviced industrial land plots (SILP) in Thailand remain largely concentrated in the Eastern Economic Corridor (EEC), which accounted for 63.4% of the total SILP, with 116,603 rai available for sale or lease. The region recorded a 2.0% increase from the previous half-year, driven by new supply additions such as WHA Eastern Seaboard Industrial Estate 3.1 (WHA ESIE 3.1) and expansions in existing estates. Provinces in the EEC, Rayong (38.5%), Chonburi (19.3%), and Chachoengsao (5.6%), played a significant role in supporting this growth, reinforcing the EEC's position as a key manufacturing base, particularly for the electronics, automotive, and petrochemical sectors.

Although there is no new supply was added in 1H 2025, the Central region held the second-largest share at 15.5%. Meanwhile, the Bangkok Metropolitan Region (BMR) showed the highest growth rate among all regions, expanding by 3.2% H-o-H to reach 12,526 rai. The increase was led by driven by increased investor interest and improved infrastructure access in areas like Samut Prakarn.

Supply in the North, Northeast, South, and West remained unchanged from the previous period. While these areas collectively represent a smaller portion of national SILP, they continue to support local industries and play a complementary role to the country's core industrial zones.

Thailand Serviced Industrial Land Plots Available For Sale/Lease

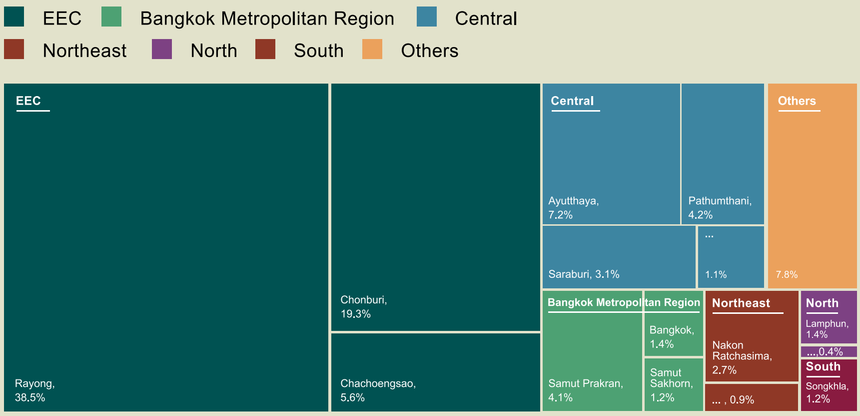
Rai



SOURCE: KNIGHT FRANK (THAILAND) OCCUPIER STRATEGY & SOLUTIONS

Note: As of August 2024, the IEAT officially reclassified Ban Bueng Industrial Estate under the new name Amata City Chonburi 2. This update clarifies any potential confusion in previous reports, where the estate may have been referenced under its former name.

Thailand Serviced Industrial Land Plots Distribution By Region



SOURCE: THE BOARD OF INVESTMENT OF THAILAND

Thailand Serviced Industrial Land Plots Distribution By Region

Rai

Region	Saleable / Lettable Area	% pt. Change (H-o-H)
Total	**184,028**	**▲ 1.5%**
Bangkok Metropolitan Region	12,562	▲ 3.2%
EEC	116,603	▲ 2.0%
Central	28,604	0.0%
North	3,204	0.0%
Northeast	6,630	0.0%
South	2,127	0.0%
West	942	0.0%
Other	13,392	0.0%

SOURCE: KNIGHT FRANK (THAILAND) OCCUPIER STRATEGY & SOLUTIONS

DEMAND

Despite current economic uncertainties and geopolitical tensions, demand for SILP remained resilient with 4,684 rai of SILP sold or leased in 1H 2025, a 34% increase from the previous half-year. As expected, the EEC remained the most active sub-market, with 3,982 rai sold or leased, representing 85% of the total. The other active location belongs to BMR, Central, and East ex-EEC regions, with a total of 702 rai sold or leased.

The market cumulative sales rate improved by 1.2% H-o-H to 90%, as sales or lease transactions outpaced new supply in several regions. The EEC, East ex-EEC, and Northeast experienced growth in their respective occupancy rates, suggesting that investors are becoming more interested in established industrial zones.

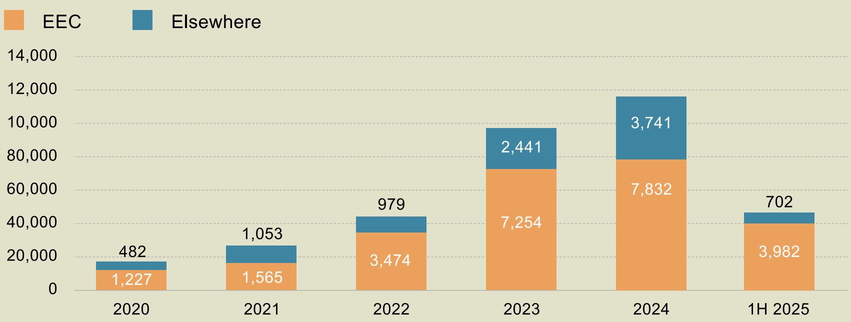
Occupancies in other regions remained constant. However, the BMR has seen a slight decline of 1.7%, settling at 92.4%. The Central region remains the area with the highest occupancy rate, which has now risen to 93.3%.

4,684 rai

Serviced Industrial Land Plots (SILP) sold in 1H, marking a 34.0% increase from the previous half.

Thailand Serviced Industrial Land Plots Sold/Leased In EEC and Elsewhere

Rai



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

Thailand Serviced Industrial Land Plots Cumulative Sales Rates By Region

Rai

Region	1H 2025	% pt. Change (H-o-H)
Total	**90.0%**	**▲ 1.2%**
Bangkok Metropolitan Region	92.4%	▼ 1.7%
EEC	90.8%	▲ 1.6%
Central	93.3%	▲ 0.3%
North	90.5%	0.0%
Northeast	70.4%	▲ 1.6%
South	69.6%	0.0%
West	86.8%	0.0%
Other	87.0%	▲ 2.7%

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

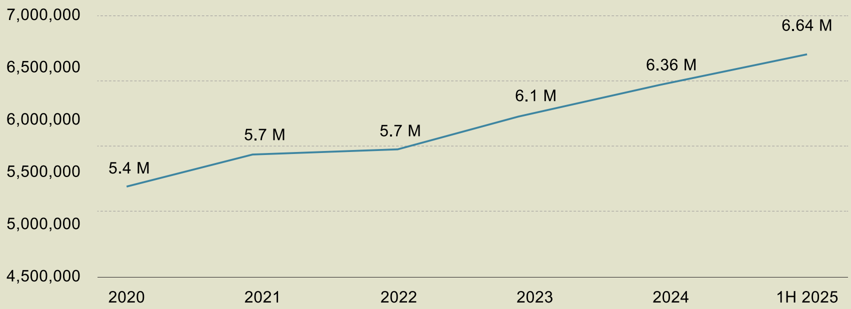
ASKING PRICES

The mean asking price in 1H 2025 increased 4.5% Y-o-Y to 6.64 million baht per rai. The areas with the highest annual price increase are the BMR and EEC at 4.7%, and East ex-EEC at 4.5%. Due to high demand and limited supply, the average asking price in BMR reached an unprecedented level of 11.6 million baht. Meanwhile, strong demand for manufacturing space in the EEC region has driven prices to 7.2 million baht.

Despite being a traditional industrial hub, the central region experienced a marginal price increase of 1.7% to 6.5 million baht. While prices in the North, South, and West regions remained unchanged. The asking price spread in the EEC is the widest across the market, varying from 3.6 million baht to a market high of 12.0 million baht. The increasing land prices are largely attributed to limited supply in high-demand industrial zones, resulting in the highest prices seen in these areas.

Thailand Serviced Industrial Land Average Asking Price

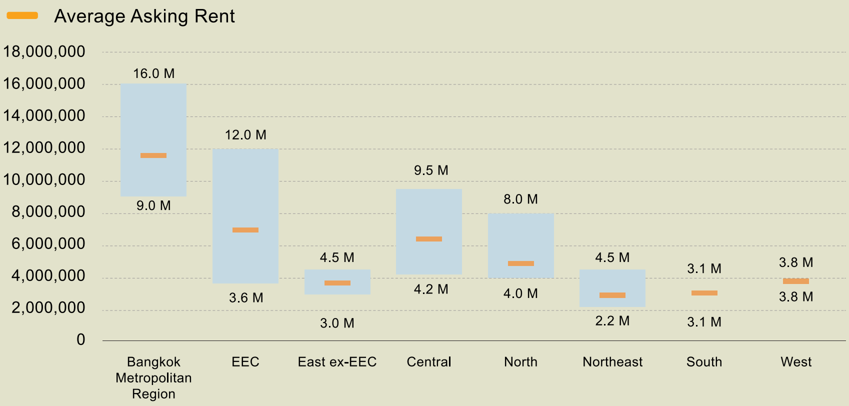
Baht Per Rai



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

Thailand Serviced Industrial Land Average Asking Price Spread

Baht Per Rai



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

Thailand Serviced Industrial Land With Average Asking Price By Region

Baht Per Rai (Million)

Region	1H 2025	% pt. Change (H-o-H)
Total	**6.64**	**▲ 4.5%**
Bangkok Metropolitan Region	11.6	▲ 4.7%
EEC	7.2	▲ 4.7%
Central	6.5	▲ 1.7%
North	4.9	0.0%
Northeast	2.9	▲ 0.5%
South	3.1	0.0%
West	3.8	0.0%
Other	3.6	▲ 4.6%

SOURCE: KNIGHT FRANK (THAILAND) OCCUPIER STRATEGY & SOLUTIONS

4.5%

The average asking price for SILP rose by 4.5% to 6.64 million baht per rai.

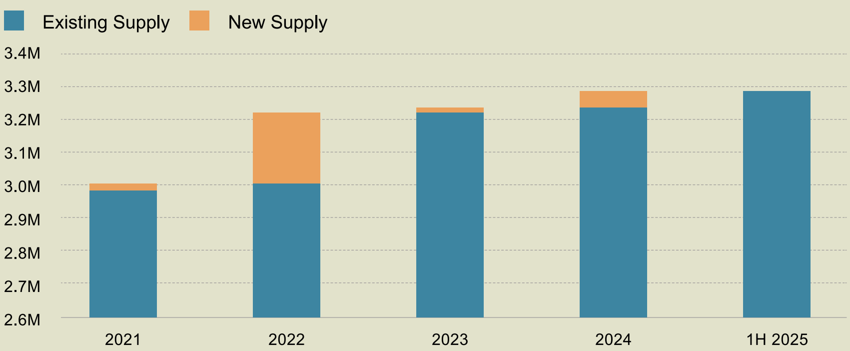
READY – BUILT FACTORIES (RBF)

SUPPLY

In the first half of 2025, the Ready-Built Factory (RBF) market did not increase, resulting in a total supply remaining unchanged from previous levels.
The decline in new RBFs inventory means that many developers are taking a cautious approach by constructing only when they have secured tenants for the upcoming projects. Demand remained consistent despite the stagnation, resulting in a slight increase in the occupancy rate. In addition, more manufacturers are shifting towards purchasing SILP to build and operate their factories, rather than leasing RBF.

Ready – Built Factory Supply

Sq m



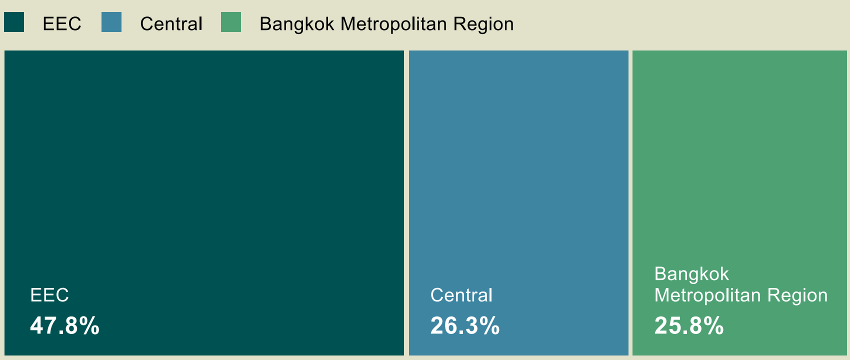
SOURCE: KNIGHT FRANK (THAILAND) - OCCUPIER STRATEGY & SOLUTIONS

SUPPLY DISTRIBUTION

Like SILP, RBFs remain heavily concentrated in the EEC region, maintaining a market share of 48% with total supply unchanged at 1,472,340 sq m in 1H 2025. The Bangkok Metropolitan Region also retained its position as the second-largest market, holding 25.7% of the total supply at 764,695 sq m. Despite no new additions, interest in this area-particularly Samut Prakan province-continued, driven by manufacturers seeking smaller-sized factories.

Ready – Built Factory Net Lettable Area By Region

Sq m



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

48%

Share in EEC, equal to 1,472,340 sq m of total supply.

DEMAND

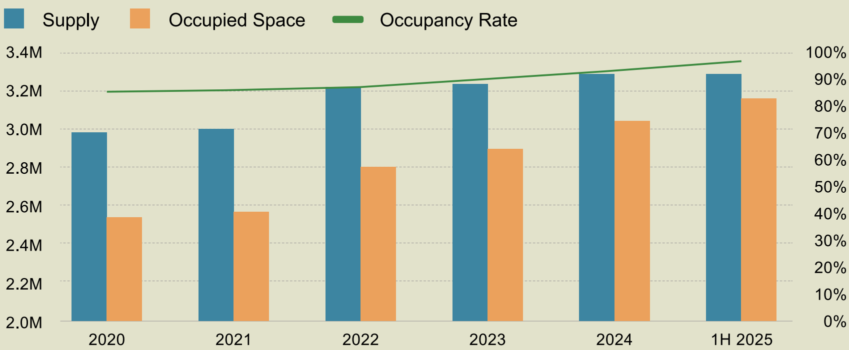
Leasing activity for RBFs continued to rise in 1H 2025, with total occupied space reaching 3,157,165 sq m. This reflects a positive net absorption of 113,193.6 sq m this half-year. This can partly be attributed to the tensions from busting tenants and continued influx of export-oriented manufacturers.

The overall market occupancy rate rose to 96.2%, indicating sustained interest and a tightening of availability across key industrial zones. Regionally, the Eastern Economic Corridor (EEC) continued to outperform with a near-full occupancy rate of 98.73%, followed by the Central Region at 94.08% and the Bangkok Metropolitan Region (BMR) at 93.51%. With no new supply added in 1H, the consistent rise in occupancy signals a well-balanced market.

However, it's crucial to remain vigilant, as factory operations data indicate a decline in new factory openings, which could impact the long-term health of Thailand's industrial property sector.

Ready – Built Factory Supply – Demand Dynamics

Sq m



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

Ready – Built Factory Occupancy Rate By Region

Region	Occupancy Rate as of 1H 2025	% pt. Change (Y-o-Y)
Total	**96.2%**	**▲ 3.4% pts**
Bangkok Metropolitan Region	93.51%	▲ 4.5% pts
EEC	98.73%	▲ 4.7% pts
Central	94.08%	▲ 0.30% pts

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

96.2%

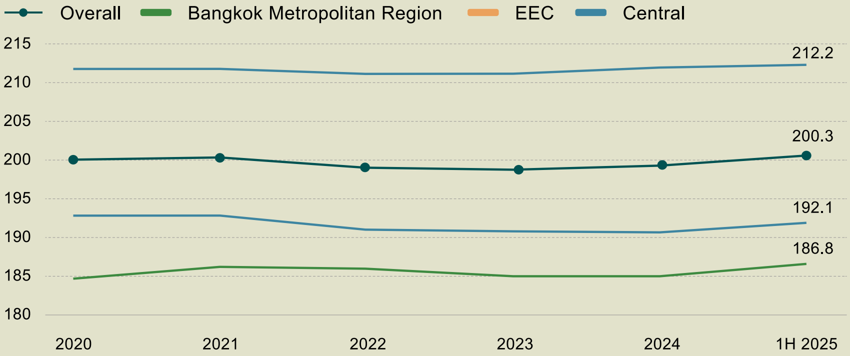
The total supply in the factory rental market remained unchanged, while the occupancy rate climbed to 96.2% amid consistent demand.

RENTAL RATES

The average asking rent for RBF in Thailand increased slightly to 200.3 baht per square meter per month in 1H 2025 from 199.5 baht per square meter in 2024. On a regional basis, the asking rent in the EEC region increased marginal by 0.2% to 212.2 baht per square meter and continues to be the highest rental rate commanded across all areas. The Central Region also saw a growth of 0.6% reaching 192.1 baht per sq m. The Bangkok Metropolitan Region (BMR) experienced a modest increase to 186.8 baht per square meter. Overall, rents remained relatively stable, with mild upward movement across all regions.

Ready – Built Factory Average Asking Rent By Region

Baht Per Sq M Per Month



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

REVIEW & OUTLOOK

In the first half of 2025, Thailand's industrial property market reflected both global trade turbulence and a deeper structural transition in the economy. The U.S. tariff shock in early 2025 initially disrupted sentiment, prompting exporters to accelerate shipments before duties took effect and causing some foreign investors to delay commitments. The later reduction in tariff rates provided partial relief, but the full impact on long-term investment plans remains uncertain. at this stage, tariffs appear to be influencing the timing of decisions and encouraging greater caution among manufacturers, though it is too early to determine whether they will also alter the structure of investment flows.

Thailand's economic fundamentals continue to shape this adjustment. With unemployment structurally low and the working-age population in gradual decline, the country no longer depends on labour-intensive manufacturing to absorb surplus workers. Instead, national policy (as reflected in the Board of Investment's evolving incentive framework) is prioritising higher-value, capital-intensive sectors such as digital technology, electronics, and advanced automotive. These industries align more closely with Thailand's comparative advantages, including established supply chains, strategic infrastructure, and a skilled workforce in specialised clusters.

Despite global headwinds, exports provided a counterweight in early 2025. Shipments in Q1 rose 15% year-on-year to USD 80.4 billion, the strongest quarterly performance in over three years. This surge was supported by front-loaded deliveries ahead of tariff implementation and by strong demand for technology-related goods, notably computers, electronics, and automotive parts. The resilience of exports during this period underscores the importance of high-value sectors in sustaining Thailand's external position and sets the stage for interpreting industrial property trends.

200.3 baht

per sq m per month average rent, reflecting stable rates with slight increases.

Clarity over local content and origin rules also distinguishes Thailand within the region. The country already enforces a 40% local content threshold for many manufacturing sectors under BOI and trade frameworks, providing investors with consistent compliance standards. While the United States has not yet confirmed its own approach, indications suggest it may apply a similar 40% requirement to distinguish genuine local production from transshipment. If this policy materialises, Thailand's long-standing compliance framework would give it an advantage over peers with weaker or less transparent enforcement. At the same time, stricter requirements could discourage investors who rely on minimal transformation, particularly in lower-margin segments, leading to more selective but higher-quality investment flows.

The market indicators from 1H 2025 reflect these dynamics. Industrial land transfers fell by 42% year-on-year, while new factory operations and expansions contracted compared with the same period in 2024. At the same time, foreign direct investment approvals increased by 86% year-on-year in Q1 2025, led by a sharp rise in digital and electronics projects. Ready-built factory occupancy remained high at 96.2% nationwide, with the Eastern Economic Corridor near full capacity, underscoring ongoing demand for flexible, immediately available space despite wider uncertainty.

Looking ahead, global trade policy developments will remain a key swing factor for investor sentiment. Export growth provided an important cushion in the first half of 2025, though part of this strength reflected accelerated shipments ahead of tariff implementation, which may weigh on momentum in the second half. In the near term, land sales may continue to moderate as manufacturers weigh tariff risks and reassess supply chain strategies. However, Thailand's established infrastructure, policy direction, and sectoral focus suggest that it remains well positioned to capture high-value investment over time. The balance of activity is likely to shift further toward capital-intensive projects and flexible space solutions, even as the overall number of new factory operations remains lower than in previous cycles.

Recent Research

Bangkok & Phuket Hotel Market 1H 2025

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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