Property prices in Thailand are relatively competitive compared to other markets in Southeast Asia. The sector shows strong growth in rental rates and declining vacancy rates, especially for the country’s capital and economic center Bangkok. According to BMI Research, a research firm, the property market in Thailand is one of the most competitive markets in Asia. Investment in this market is still not dried-up, which offers great potential for further growth. Particularly interesting is industrial real estate in the Eastern Economic Corridor (EEC), including Rayong and Pattaya, as well as office rental space in Bangkok.

Urbanization has been a trend in Europe and North-America over the last decades, but according to the World Economic Forum (2017), but over 90% of urbanization is expected to come from the African and Asian continents up to 2050. Bangkok is also expected to become one of the world’s megacities by 2030, when the population is expected to reach more than 10 million people. The city’s urban area accounts for close to 80% of Thailand’s total urban areas (World Bank, 2015). However, despite its fast growth over the past decades, proper urban planning and regulations regarding area development were lacking.

The latest Thai government policy and investment further facilitates the growth of the real estate market. The ‘Thailand 4.0’ strategy aims to develop Thailand from a middle income to a high income country through technological innovation and digital development. Part of this strategy is the transformation of cities into smart cities with green and smart buildings. The Thai government also invests heavily in new infrastructure, including the Metropolitan Rapid Transit (MRT) and Bangkok Mass Transit System (BTS or Skytrain) in Bangkok. These new lines will connect previously relatively hard-to-reach areas to the city center. Demand for residential property, hotels and offices in the areas close to the (new) mass transportation lines is expected to increase.

The ongoing integration process in the ASEAN region is expected to further increase the popularity of Bangkok as a regional hub, offering good infrastructure, a favorable location at the heart of the ASEAN and more affordable living standards than Singapore. Consequently, demand for high-end office space and residential units in central business districts (AAA locations) is high. High-end property development is currently the most favored option on the real estate market. In addition, mixed-use building, in which offices, hotels and/or residential units are combined, has become more prevalent in the industry.

However, while Bangkok still offers interesting opportunities for new construction, land availability in prime locations is limited.
This results in higher land prices, which in turn puts a pressure on the profit margins of developers. Innovative construction as well as creative exterior and interior design are key for developers to compete in the market.

Challenges and opportunities

According to the Working of Alien Act B.E. 2551 (2008) certain types of business activities are reserved for Thai nationals. These activities include among others agri business, commercial business and services, including architecture. According to the Thai Ministry of Labor: ‘architectural work concerning designing, drawing of plans, cost estimating, construction directing or advising is prohibited for foreign workers’.

However, there are still some opportunities for non-ASEAN nationals to provide architectural services. According to the Thai law, foreign architects can obtain a corporate license if he or she partners up with a local Thai architect. The foreign investment in those businesses must comprise less than 50 percent of share capital. In this way, some foreign architects have been able to actively engage on the Thai market. An example is the German Architect ‘Ole Scheeren’, former partner at OMA/Rem Koolhaas and currently the principal of Buro Ole Scheeren. Mr. Scheeren is the designer of the 77-story MahaNakhon skyscraper in Bangkok’s central business district, which was completed in 2016 and is currently the tallest building in Thailand.

While the MahaNakhon example renewed the debate on the effectiveness of these restrictions in Thailand, changes in the law are currently not foreseen. Negotiations on a free trade agreement with the EU were put on hold in 2014 when the Thai military junta seized power.

We support your business

Together with the Netherlands Enterprise Agency (RVO.nl), the Netherlands Embassy in Bangkok provides support to Dutch entrepreneurs doing business in Thailand, Laos and Cambodia and to those starting to explore these markets. We can, for example, provide you with information about sectors and regulations, or introduce you to potential business partners or government authorities. Interested in learning more about what we can do for your business? Please contact us.

Business support instruments

The Netherlands government has developed multiple instruments to support Dutch business in Thailand. Please visit the website of the Netherlands Enterprise Agency (www.rvo.nl/thailand) for more information. Atradius Dutch State Business may help you with your export insurance (www.atradiusdutchstatebusiness.nl).

Trade fairs and events

A wide variety of regional and domestic fairs is organized in Thailand and the region throughout the year. At several of these exhibitions, Netherlands Embassies organize events, such as Holland pavilions, matchmaking or networking opportunities. Please contact us for more information on relevant trade fairs and our support.

ArchitectExpo: www.architectexpo.com/2017 DATE? Location?
Intermat Asean asean.intermatconstruction.com
Building Maintenance And Asset Management Expo Asia: 10times.com/building-asset-management
FRESHEXPO: freshexpo.ru/en/exhibition/7994
Renewable Energy Asia: www.renewableenergy-asia.com

Relevant contacts

- Netherlands Enterprise Agency (RVO): www.rvo.nl
- The Netherlands-Thai Chamber of Commerce (NTCC): www.ntcthailand.org
- MKB Thailand: http://mkbthailand.com
- Thailand Creative Design Center (TCDC): http://ck.tcdc.or.th

‘NL exporteert’ app

This app provides up-to-date information necessary for doing international business. It contains an event agenda, economic and financial data, a country comparator, business opportunities, relevant contacts, etc. Dowload the app via the App Store or Google Play.