

# Manufacturing

H1 2024

An overview review of Manufacturing market in H1 2024  
by Knight Frank Thailand

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► The Thai economy experienced a modest growth of 1.5% in Q1 2024, slightly down from 1.7% in the previous quarter, caused by a combination of global and domestic headwinds.

In the first three months of 2024, Thailand’s exports of goods and services rose by 8.1%, while imports picked up 9.4%, yielding a positive trade account. This positive trend indicated a significant improvement compared to the contractions experienced in 2020 and 2021 due to the global pandemic’s impact on trade. Private consumption grew by 6.9% Y-o-Y in Q1 2024—an improvement from the 7.4% attained in the previous quarter—due to higher spending in service activities, particularly tourism. This surge in spending led to consumer confidence levels reaching an 18-quarter high. However, fixed capital investment declined by 4.2%, primarily due to a significant decrease in public investment. Consequently, Thailand’s economy has lagged regional peers such as Malaysia and the Philippines due to high household debt and heavy reliance on tourism and trade. In June 2024, headline inflation was low and stable at 0.62% Y-o-Y but turned negative for the first time in six months at -0.31% M-o-M due to lower power costs and falling prices of fresh vegetables and fruits. On the other hand, core inflation remained at 0.36% Y-o-Y, which was similar to the previous month. Despite the current low inflation, global crude oil price

growth and regional conflicts could push inflation upwards. It’s important to note that the headline inflation will be below the MPC’s target range of 1.0 to 3.0 percent because of the ongoing decline in energy costs and stable food prices, but the potential for a rise in inflation should be closely monitored.

Due to the significant economic changes caused by the pandemic since 2019, Thailand’s Manufacturing Production Thailand’s updated its base year from 2016 to 2021, with 2021 data being more representative of the current economic conditions. In May 2024, the MPI declined slightly to 97.02, indicating that Thailand’s industrial sector has yet to recover due to high household debt, elevated interest rates, rising energy costs, and labor shortages impacting production. Specific sectors, such as automotive manufacturing and petroleum products, have shown positive growth despite these challenges. At the same time, others like hard disk drives (HDD) and chemical products have experienced lower production levels. This overall performance highlights the complex dynamics affecting Thailand’s manufacturing productivity during this period.

37%

Increase in Approved Projects by BOI

476,276 MB.

Total Approved Investment Value

86%

Surge in Factory Closures

8,063 Rai

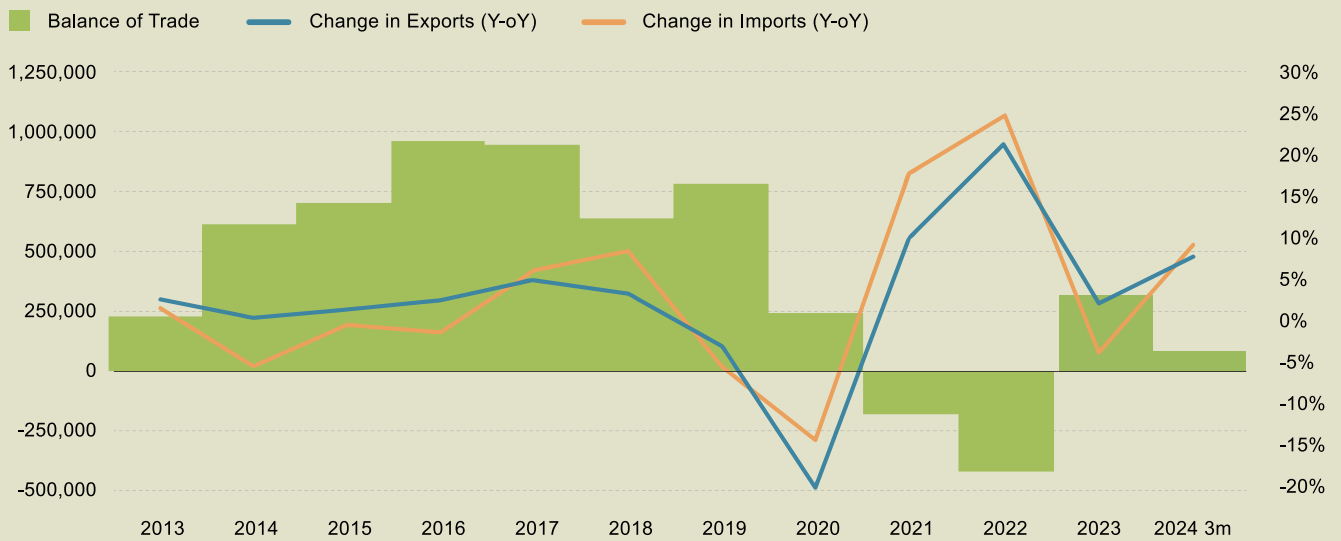
Serviced Industrial Land Sold or Leased

## SERVICED INDUSTRIAL LAND MARKET INDICATORS

|              |                                   |                                    |                                          |                                                     |
|--------------|-----------------------------------|------------------------------------|------------------------------------------|-----------------------------------------------------|
|              | <b>181,280</b><br>SUPPLY<br>(rai) | <b>8,063</b><br>LAND SOLD<br>(rai) | <b>86.9%</b><br>CUMULATIVE<br>SALES RATE | <b>6.2M</b><br>AVERAGE<br>ASKING PRICE<br>(THB/rai) |
| % Change     |                                   |                                    |                                          |                                                     |
| <b>H-o-H</b> | ▲ 0.5%                            | ▲ 53.0%                            | ▲ 3.9% pts.                              | ▲ 1.6%                                              |

## THAILAND'S GOODS & SERVICES BALANCE

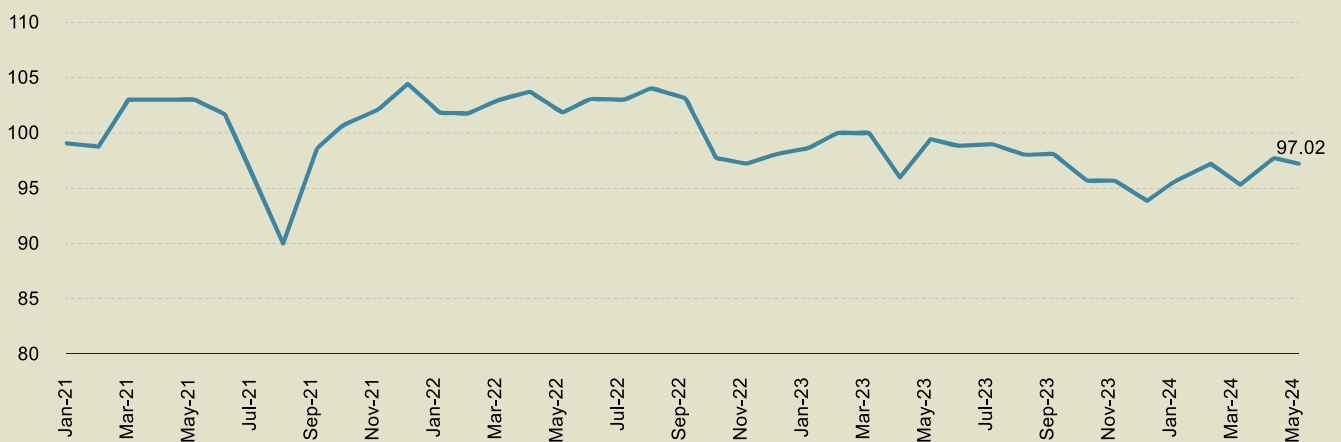
THAI BAHT (MILLIONS)



SOURCE: NESDC

## THAILAND MANUFACTURING PRODUCTIVITY INDEX

(MPI - SEASONALLY ADJUSTED) BASE YEAR 2021

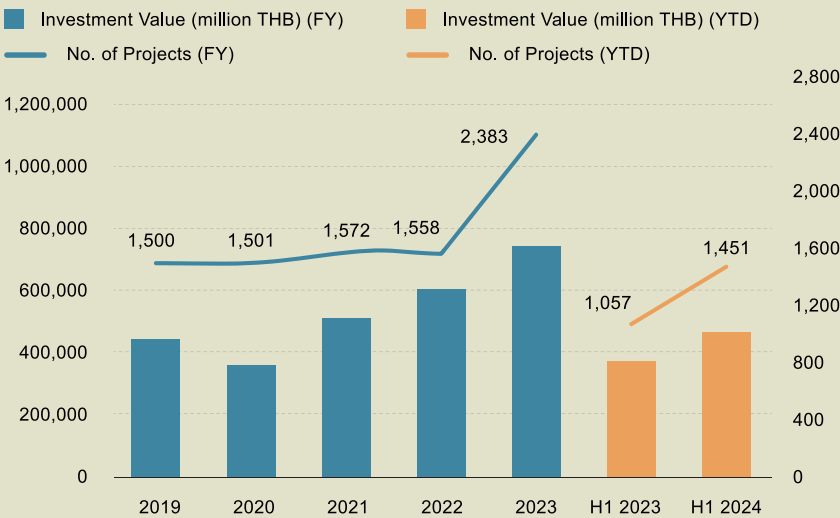


SOURCE: OFFICE OF INDUSTRIAL ECONOMICS

According to the BOI report, Thailand experienced a steady rise in total investment promotion approvals in the first half of 2024. The number of approved projects surged by 37%, increasing from 1,057 in H1 2023 to 1,451 in H1 2024. Additionally, the approved investment values grew by 27%, reaching 476,276 million baht, up from 375,223 million baht during the same period last year. The number of foreign projects approved (FDI) accounts for 913 projects, representing 63% of the total approved investment projects, while the investment value constitutes 76% of the total approved investment value.

The majority of the foreign investment promotion approval was driven by China with 329 projects and an investment value of 101,760 million baht, followed by Singapore with 125 projects totaling 94,525 million baht, and Japan with 163 projects amounting to 38,525 million baht. The most substantial investments were in the Electrical Appliances and Electronics sector, with 139,000 million baht from 170 projects, followed by the Machinery and Automotive sector with 187 projects totaling 52,655 million THB, and the Petrochemicals and Chemicals sector with 93 projects worth 37,016 million THB. This highlights a strong trend towards high-value, technology-driven industries, with substantial investments from China, Singapore, and Japan. The Eastern Economic Corridor (EEC) continues to be a key area for these investments, especially in Rayong and Chonburi provinces.

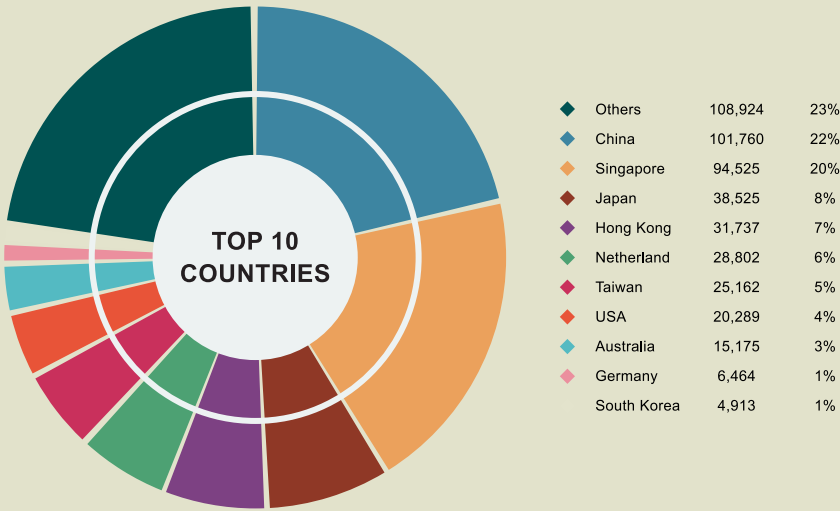
THAILAND'S TOTAL INVESTMENT PROMOTION APPROVED BY THE BOI  
THAI BAHT (MILLIONS)



| BOI APPROVAL |                 |                                |
|--------------|-----------------|--------------------------------|
|              | No. of Projects | Investment Value (million THB) |
| 2023         | 2,383           | 750,129                        |
| 2023 H1      | 1,057           | 375,223                        |
| 2024 H1      | 1,451           | 476,276                        |
| Change       | +37%            | +27%                           |

SOURCE: THAILAND BOARD OF INVESTMENT

TOP 10 COUNTRIES OF FOREIGN INVESTMENT (FDI)  
APPROVED BY THE BOI IN H1 2024  
THAI BAHT (MILLIONS)

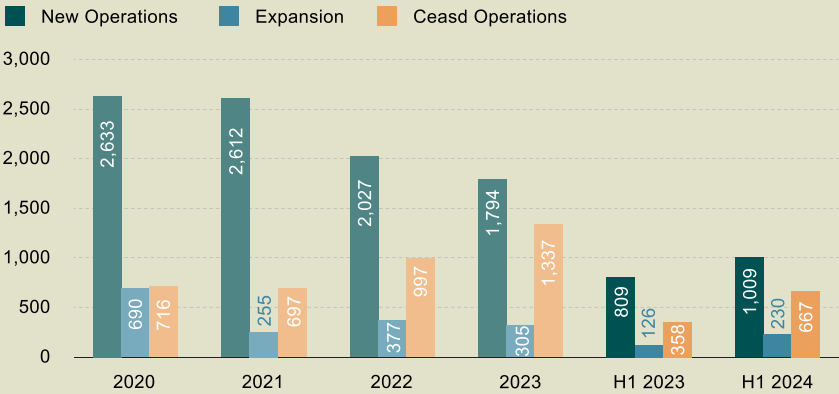


SOURCE: THAILAND BOARD OF INVESTMENT

According to the data on Thailand’s factory operations, there was a significant change in activities during the first half of 2024. The number of new factory operations increased by 25% from 809 in the first six months of 2023 to 1,009 in the same period of 2024, with most new ventures are foreign-owned. Expansions also saw a notable rise of 83%, going up from 126 to 230. However, the number of factories that ceased operations surged by 86%, from 358 to 667, marking an average of 111 closures per month. The average capital for the ceased factories stood at 27.12 million baht, underscoring the impact on SMEs and signaling a worrying trend in the loss of smaller businesses.

This indicates a dynamic industrial environment where new operations and expansions are growing. At the same time, there has been a marked increase in factories ceasing operations, which could reflect broader economic or sector-specific challenges.

NUMBER OF FACTORIES OPERATING IN THAILAND



| THAILAND FACTORY OPERATIONS |                |           |                   |
|-----------------------------|----------------|-----------|-------------------|
|                             | New Operations | Expansion | Ceased Operations |
| 2023                        | 1,794          | 305       | 1,377             |
| 2023 H1                     | 809            | 126       | 358               |
| 2024 H1                     | 1,009          | 230       | 667               |
| Change                      | +25%           | +83%      | +86%              |

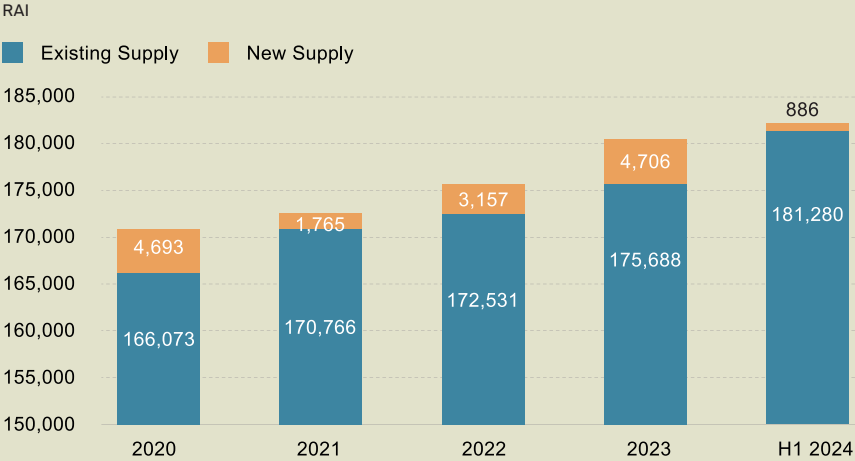
SOURCE: DEPARTMENT OF INDUSTRIAL WORKS

SERVICED INDUSTRIAL LAND PLOTS (SILP)

SUPPLY

Significant advancements were made in the development of industrial estates in Thailand in H1 2024. Ongoing projects include the Amata City Chonburi Industrial Estate 2, which is boosting its capacity to meet the growing industrial demands. Additionally, the new WHA ESIE 5 project is currently undergoing the Environmental Impact Assessment (EIA) approval process, a crucial step that is anticipated to be completed by the end of 2025.

THAILAND SERVICED INDUSTRIAL LAND PLOTS AVAILABLE FOR SALE/LEASE



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

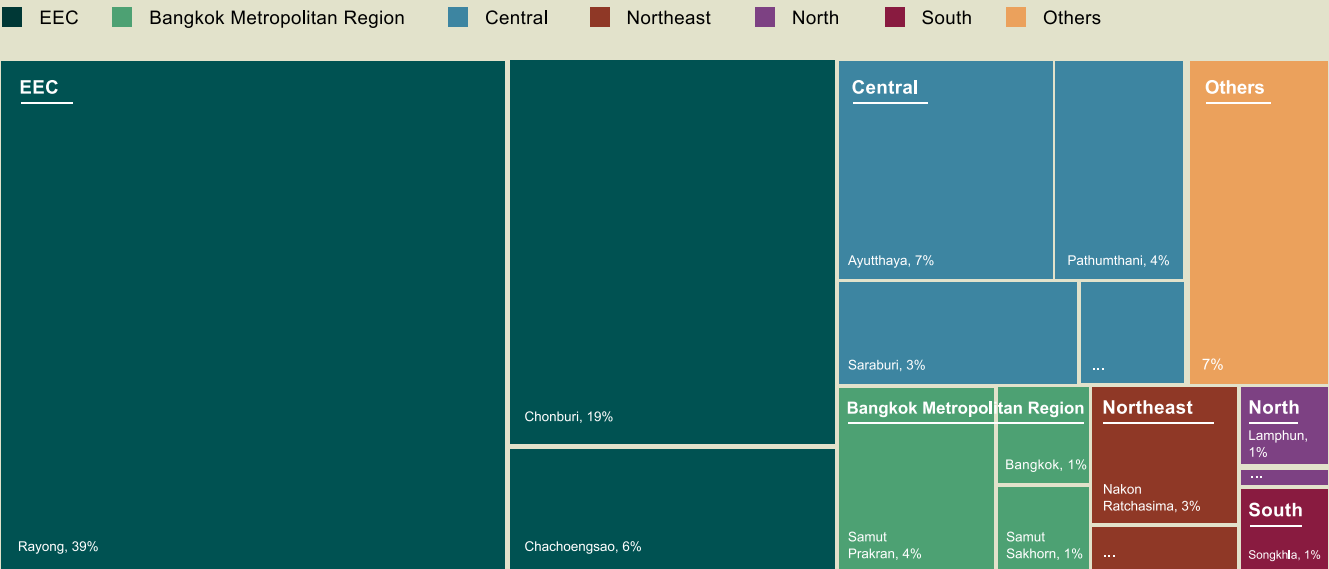
SUPPLY DISTRIBUTION

Regarding Serviced Industrial Land in Thailand, the majority is concentrated in the EEC, holding about 63% of the market share. Among the EEC provinces, Rayong leads with a 39% share, followed by Chonburi at 19% and Chachoengsao at 6%. The second-largest sub-market is in the central region, representing 16% of the total SILP supply, including Ayutthaya at

7%, Pathumthani at 4%, and Saraburi at 3%. Other leading destinations in the different regions include Samut Prakan and Nakhon Ratchasima, accounting for 4% and 3% of the total SILP space. During the first half of 2024, the Central region recorded the highest increase in the SILP area, projected at 7.2% more compared to H2 2023. Overall, the industrial land supply in

Thailand increased by 1.1%, and some provinces experienced even higher growth, such as Prachinburi, where the Rojana Industrial Park Prachinburi expanded its project by over 500 rai. However, during this period, the EEC region showed no change in the area covered by industrial land.

THAILAND SERVICED INDUSTRIAL LAND PLOTS DISTRIBUTION BY REGION



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

THAILAND SERVICED INDUSTRIAL LAND PLOTS DISTRIBUTION BY REGION

RAI

| Region                      | Saleable / Lettable Area | % pt. Change (H-o-H) |
|-----------------------------|--------------------------|----------------------|
| Overall                     | 181,280                  | ▲ 1.1%               |
| Bangkok Metropolitan Region | 12,079                   | ▲ 0.2%               |
| EEC                         | 114,278                  | 0.0%                 |
| Central                     | 28,606                   | ▲ 7.2%               |
| North                       | 3,204                    | 0.0%                 |
| Northeast                   | 6,630                    | 0.0%                 |
| South                       | 2,127                    | 0.0%                 |
| West                        | 942                      | 0.0%                 |
| Other                       | 13,395                   | ▲ 4.1%               |

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

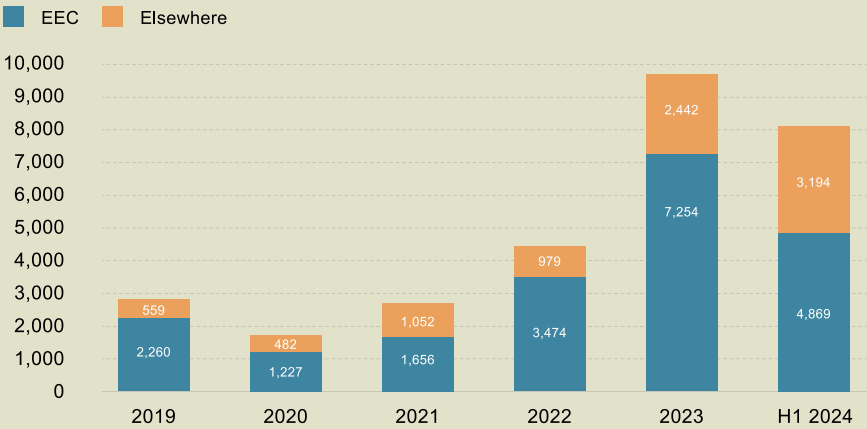
DEMAND

According to the IEAT and Knight Frank survey, demand for serviced industrial land in the first half 2024 continued its strong upward trend. Over this period, a total of 8,063 rai of land was either sold or leased, representing a substantial increase compared to the second half of 2023. This growth underscores a strong and continued interest in industrial land, primarily fueled by foreign investors relocating their production bases to Thailand.

In terms of geographical distribution, the Eastern Economic Corridor (EEC) remained in its position as the most active sub-market, with 4,869 rai being transacted, marking up approximately 60% of the total serviced industrial land (SILP) transactions in H1 2024. This area attracts substantial investments due to its strategic location and government incentives. Noteworthy is the increasing interest in areas outside the EEC, where around 3,000 rai were sold or leased. Regions such as the Central and East ex-EEC areas have experienced a remarkable rise in transactions, with 1,297 rai and 1,274 rai sold, respectively.

THAILAND SERVICED INDUSTRIAL LAND PLOTS SOLD/LEASED IN EEC AND ELSEWHERE

RAI



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

The cumulative sales rate for H1 2024 also showed a positive trend, reaching 86.9%, a 3.9% increase compared to H2 2023. This indicates a healthy absorption rate across the country, with significant improvements in regions like West and East ex-EEC, which saw gains of 5.5% and 6.5%, respectively. The Central region continues to lead in sales efficiency,

with a cumulative sales rate of 92.7%, up by 4.3% H-o-H. Similarly, the EEC’s sales rate strengthened by 4.0%, reinforcing its position as a dominant player in the industrial land market.

THAILAND SERVICED INDUSTRIAL LAND PLOTS CUMULATIVE SALES RATES BY REGION

| Region                      | H1 2024 | % pt. Change (H-o-H) |
|-----------------------------|---------|----------------------|
| Overall                     | 86.9%   | ▲ 3.9%               |
| Bangkok Metropolitan Region | 92.3%   | ▲ 2.7%               |
| EEC                         | 86.7%   | ▲ 4.0%               |
| Central                     | 92.7%   | ▲ 4.3%               |
| North                       | 90.5%   | ▲ 0.8%               |
| Northeast                   | 67.7%   | ▲ 4.6%               |
| South                       | 69.6%   | 0.0%                 |
| West                        | 85.4%   | ▲ 5.5%               |
| Other                       | 83.2%   | ▲ 6.5%               |

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

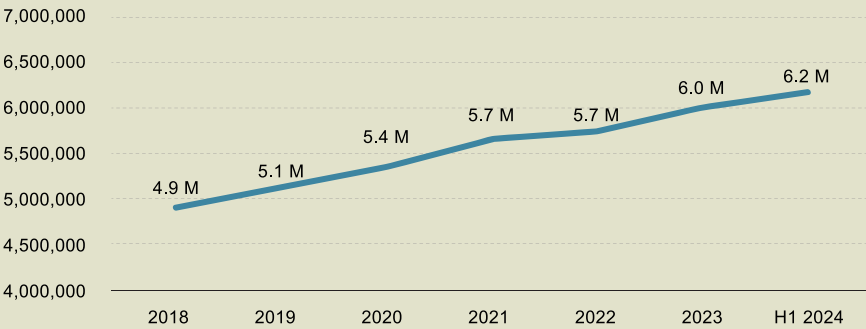
ASKING PRICES

In the first half of 2024, the average land price experienced a moderate increase of 1.6%, reaching 6.2 million baht per rai. This follows the upward trend observed in recent years. The Bangkok Metropolitan Region (BMR) continued to command the highest prices, with an average of 11.1 million baht per rai, showing a 2.0% increase H-o-H. The Eastern Economic Corridor (EEC) is closely followed by an average price of 6.7 million baht per rai, marking a 1.2% rise compared to the previous period. The Central region witnessed the most significant price growth, with a 4.7% increase, bringing the average to 6.2 million baht per rai. On the other hand, the South region exhibited the highest percentage growth with 6.9%, reaching 3.1 million baht per rai.

The asking price range in the EEC remains the widest among all the sub-markets, varying from 3.6 to 12.0 million baht per rai. Prices are notably higher along Motorway Route 7 (Bangkok– Ban Chang), followed by areas near Laem Chabang and Map Ta Phut Port, where improved infrastructure and accessibility drive increased demand. The Northeast region has the lowest asking prices, starting at 2.2 million baht per rai. At the same time, the Bangkok Metropolitan Region commands the highest prices, reaching up to 16.0 million baht per rai, recorded in the Gemopolis Industrial Estate in Samut Prakan.

THAILAND SERVICED INDUSTRIAL LAND AVERAGE ASKING PRICE

BAHT PER RAI



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

THAILAND SERVICED INDUSTRIAL LAND WITH AVERAGE ASKING PRICE BY REGION

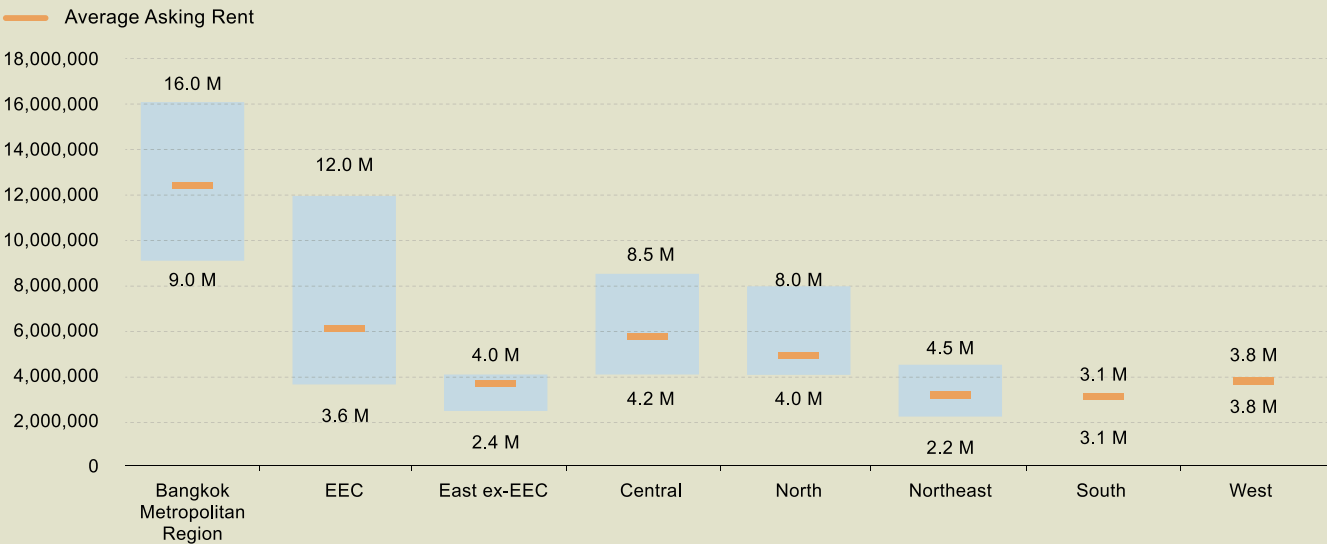
BAHT PER RAI (MILLION)

| Region                      | H1 2024 | % pt. Change (H-o-H) |
|-----------------------------|---------|----------------------|
| Overall                     | 6.2     | ▲ 1.6%               |
| Bangkok Metropolitan Region | 11.1    | ▲ 2.2%               |
| EEC                         | 6.7     | ▲ 1.2%               |
| Central                     | 6.2     | ▲ 4.7%               |
| North                       | 4.9     | ▲ 3.8%               |
| Northeast                   | 2.9     | 0.0%                 |
| South                       | 3.1     | ▲ 6.9%               |
| West                        | 3.8     | 0.0%                 |
| Other                       | 3.2     | ▲ 5.7%               |

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

REVIEW & OUTLOOK

During the first half of 2024, Thailand’s Manufacturing Sector demonstrated steady growth, underscored by significant demand for Serviced Industrial Land Sales. This growth was largely driven by continuous land development initiatives incorporating Digital Twin Technology, which enhances decision-making by providing accurate simulations of real-world environments. The Board of Investment (BOI) also played a pivotal role in facilitating this growth by approving major projects in biochemical, data centers, and sustainable energy, reflecting Thailand’s strategic focus on green technologies and digital transformation. The electronics and intelligent appliances sectors, in particular, saw notable progress. The BOI introduced new incentives that fostered technological innovation and attracted local and international companies to expand their manufacturing operations within the country. The EV industry, benefiting from the EV 3.5 incentive measures to boost domestic adoption and production, saw significant investments from multinational manufacturers like BYD and CHANGAN, who established production facilities in the Eastern

Economic Corridor (EEC). This influx has diversified Thailand’s EV offerings, catering to domestic and international markets, and opened opportunities to expand EV exports to markets traditionally dominated by combustion engine vehicles.

Moreover, the first half of 2024 also saw a marked increase in the adoption of green energy within the manufacturing sector. Industrial estates across Thailand began integrating renewable energy solutions, mainly through solar power and microgrid systems. These systems enable localized clean power generation and storage, reducing reliance on the primary power grid. This transition toward more sustainable energy sources aligns with the global emphasis on ESG (Environmental, Social, and Governance) standards, a trend that has increasingly influenced foreign investment decisions.

Much of this growth has been concentrated in Thailand’s Eastern Economic Corridor (EEC), which remains a crucial driver of the country’s industrial development. With its strategic location and world-class infrastructure, the EEC continues to attract high-tech industries, including

electronics, digital technologies, and EV manufacturing. The government’s commitment to developing the EEC as a hub for advanced industries is evident in the continued investment in infrastructure, logistics, and R&D designed to support the region’s long-term growth and sustainability. The EEC’s focus on innovation and its strategic importance in Thailand’s overall economic development underscores its critical role in driving the manufacturing sector forward.

The economic outlook for the remainder of 2024 remains cautiously optimistic-the Bank of Thailand forecasts 2.6% growth driven by continued industrial expansion and stable inflation rates. However, the manufacturing sector must navigate potential risks, including global demand shifts and domestic wage policy changes under the new government.

Recent Research

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▪ Flight to quality, with evolving definitions of quality that emphasize flexibility, technology, and sustainability, becomes even more prominent. Older buildings face increased competition from newer, more adaptable properties, especially in 1.2 million square meters of new supply is expected in the next 2-3 years. The Silom-Sathorn-Rama IV area is projected to become a key leasing hotspot with the opening of the Bangkok phase 1 in the latter half of 2024, amid mounting pressure on occupancies and rents.

29,200 sq m

146 million sq m

18,400 sq m

76.8%

Bangkok Office Market Q2 2024

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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