



Preliminary Assessment of the Earthquake's Economic Impact on Thailand

1 April 2025

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- SCB EIC estimates (as of April 1, 2025) that the earthquake which occurred on March 28, 2025, has a limited impact on the Thai economy, amounting to approximately THB 30 billion. The impact is expected to be concentrated in the tourism sector, real estate, and construction businesses. However, close monitoring will be needed on the recovery of domestic consumer confidence and international tourist sentiment going forward.
- The tourism sector is expected to experience a rapid short-term impact due to concerns among international tourists over safety in Thailand, in the wake of global news coverage of the earthquake. Under the baseline scenario, the number of international tourists is projected to decline by 400,000, based on the assumption that the most severe impact will occur in April. The recovery is expected to take approximately three months before returning to normal growth levels, primarily due to short-term trip cancellations during a period when the situation has not yet fully normalized.
- The real estate sector, particularly condominiums, will likely be affected by shifts in consumer behavior among prospective buyers or those in the process of property transfers, who may delay their purchases or transfers. This is expected to lead to a contraction in condominium transfer volumes. In addition, the launch of new condominium projects is projected to continue declining throughout the year.
- Most construction activities remain uninterrupted. Moreover, construction contractors and building materials businesses are expected to benefit from the repair and restoration of damaged structures. The disaster resilience of buildings will become an increasingly important consideration for project owners. In addition, construction firms are likely to face stricter requirements from clients—ranging from the bidding process to construction and final inspection stages—which will, in turn, have a positive effect on the overall quality and standards of the construction sector.

- **Overall, the economic impact remains fluid and will largely depend on how quickly confidence can be restored across all sectors—a key factor in minimizing longer-term economic damage. Therefore, the government is recommended to provide assistance to affected individuals and work to restore public confidence. This includes conducting systematic safety inspections of buildings, developing timely emergency alert systems in high-risk areas, and ensuring clear, swift, and effective communication, supported by a coordinated and integrated response.**

On March 28, 2025, a powerful earthquake with a magnitude of 8.2 struck central Myanmar. The tremors were felt across several countries, including Thailand, causing damage to buildings—particularly in the Bangkok area. This event marks one of the most severe earthquake-related incidents Thailand has ever experienced. SCB EIC provides a preliminary assessment of the earthquake’s impact on the business sector and the overall economy as follows:

Assessment of Damages to the Tourism and Real Estate Sectors

1. Tourism Sector

The earthquake has begun to impact Thailand’s tourism sector, as reflected in hotel booking cancellations reported over the past two days. According to the Thai Hotels Association, approximately 1,100 bookings nationwide have already been canceled. Hotel operators note that most of the cancellations were for accommodations in the Bangkok area.

Meanwhile, the Airlines Association of Thailand reports that daily passenger seat bookings have declined by an average of 40%–60% over the same period. A number of international tourists remain cautious and are closely monitoring the situation in Thailand. Several foreign governments—including the United Kingdom, Singapore, and Canada—have issued travel advisories warning their citizens about safety risks related to travel in Thailand.

SCB EIC expects the earthquake to have a short-term impact on the tourism sector. In our preliminary assessment, the number of international tourists in April is projected to decline by approximately -12% MOM, a sharper drop compared to the historical seasonal average for April between 2017–2019, which stood at around -6% MOM. The recovery is expected to take about three months before returning to normal growth. As a result, international tourist arrivals this year could fall short of earlier projections by around 400,000 visitors, leading to an estimated loss in foreign tourist spending of approximately THB 21 billion. Nevertheless, there remains an opportunity for the Thai tourism sector to achieve a faster recovery, if the government acts promptly to restore international traveler confidence. SCB EIC's initial forecast of 38.2 million international tourists for this year will be revised once the tourism outlook becomes clearer.

2. Real Estate Sector

2.1 Condominium Housing Market

The condominium market has been directly affected by the recent earthquake. Although there was no structural collapse, the market's recovery will depend largely on the return of consumer confidence. SCB EIC projects that condominium ownership transfers in Bangkok and its surrounding areas in 2025 are likely to total around 85,000 units, representing a contraction of -0.8% YOY—lower than the previous forecast of 2.6% YOY growth.

This downward revision is mainly due to two factors:

1. **Prospective buyers and those planning to transfer ownership are likely to delay their decisions**, as they continue to seek reassurance regarding building safety. In addition, they may wait until architectural repairs are made to the residential units, common areas, and the building itself before proceeding with a transfer or purchase.
2. **Condominium investors are expected to postpone their investments amid various uncertainties**—such as future resale values and the potential exit of concerned tenants. Some tenants may opt for low-rise housing instead, despite higher rental rates in similar locations, or choose low-rise units in more distant areas where rental prices are comparable to condominiums.

Figure 1: Condominium Ownership Transfer Units in Bangkok and Vicinity



Source: SCB EIC analysis based on data from REIC

For current condominium residents who are repaying mortgage installments—particularly those in the lower- to middle-income segments—there remains a tendency to continue living in their units and servicing their loans, due to financial constraints that limit their ability to relocate or purchase additional housing. Efforts by developers to promptly inspect the structural safety of buildings and implement timely support measures for residents can help alleviate anxiety among homeowners. In addition, financial relief measures from lending institutions—such as installment reductions, principal repayment holidays on housing loans, and the introduction of repair loans—can reduce repayment disruptions and support necessary repairs to make units habitable again. Meanwhile, the low-rise housing market is likely to benefit to some extent from residents who feel uneasy about living in condominiums and possess the financial means to relocate or purchase low-rise homes.

New condominium project launches in 2025 are expected to continue contracting, pressured primarily by the still-weak purchasing power of the middle- to lower-income segments and their limited access to housing credit. In addition, the anticipated delays in ownership transfers and purchase decisions following the earthquake will further contribute to elevated unsold condominium inventory in Bangkok and its surrounding areas, which is projected to remain high at around 74,000 units in 2025. Nevertheless, attention should be paid to how developers adjust their strategic plans for the remainder of the year. These may include delaying new project launches and intensifying marketing efforts that highlight residential safety features—such as the credibility of construction contractors, disaster preparedness measures, and the ability to respond promptly to resident needs and emergencies.

2.2 Construction Contracting Market

Most construction sites were not severely affected to the extent that would disrupt ongoing activities following the earthquake. As a result, both public and private sector construction activities in 2025 are expected to continue without interruption. Additionally, construction contractors, as well as producers and distributors of building materials, are likely to benefit from increased demand for repairs of damaged buildings and structures.

SCB EIC believes that real estate developers may further delay new condominium project launches in the remainder of the year, and this strategic shift is likely to have a knock-on effect on condominium construction activity. The value of such construction—estimated at around THB 86–100 billion per year (approximately 15%–17% of total private sector construction value)—is expected to experience slower growth as a result.

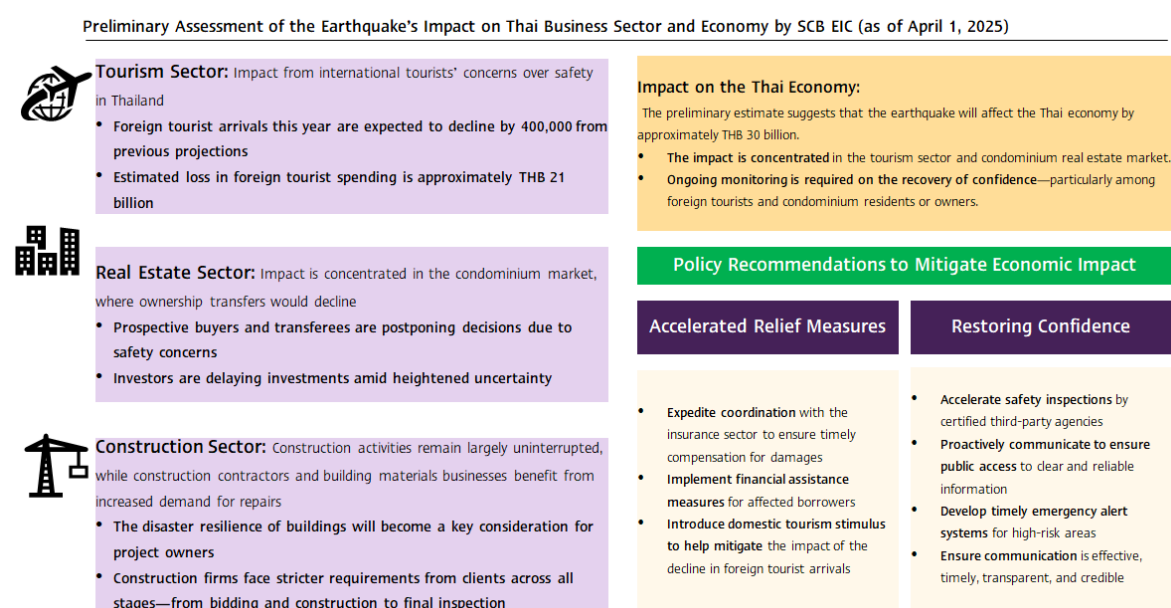
The disaster resilience of buildings is expected to become a key factor for both public and private sector project owners. Construction contractors are likely to face greater scrutiny throughout the entire project lifecycle—beginning with the bidding process, where the qualifications and experience of main contractors, partners, and subcontractors will be closely examined. During construction, strict adherence to safety protocols and the use of standardized materials will be emphasized. In the final inspection stage, clients are expected to enforce stricter requirements regarding both timely delivery and the quality of completed work. This increased level of rigor at each stage will intensify quality-based competition among contractors, which will ultimately benefit the overall construction sector in the long run.

SCB EIC estimates the preliminary economic impact of the earthquake at approximately THB 30 billion. However, the actual figure will ultimately depend on the effectiveness of efforts to rebuild public and investor confidence.

In the short term, the earthquake is likely to heighten public concerns over safety and related consumer spending, particularly regarding the structural integrity of buildings. These concerns may lead to temporary suspensions of certain activities pending safety inspections. Additionally, consumers may delay spending on services, shopping, and travel in the aftermath of the event. **However, some of the lost consumer spending could be offset by increased expenditures on residential repairs and a rise in government spending.** The latter may come in the form of relief and recovery measures funded through emergency budget allocations to assist affected individuals and restore damaged infrastructure. These factors could help mitigate the overall severity of the economic impact.

SCB EIC estimates the preliminary impact of the earthquake on Thailand's overall economy in 2025 at approximately THB 30 billion, primarily stemming from a potential decline in international tourist arrivals due to safety concerns and a slowdown in the real estate sector. However, the net economic impact remains uncertain, as it will partly depend on how quickly confidence can be restored—among domestic consumers, foreign tourists, and foreign investors.

Figure 2: Preliminary Impact of the Earthquake on Thai Business Sector and Overall Economy



Source: SCB EIC analysis

SCB EIC assesses that the government's prompt support for affected individuals, combined with swift and decisive policy actions to restore public confidence, will be crucial in containing the extent of economic damage:

Accelerated Relief Measures – Accelerate coordination with the insurance sector to ensure timely compensation for affected individuals and businesses, while implementing targeted financial support measures for impacted borrowers to ease immediate burdens and maintain liquidity. Meanwhile, the government may introduce domestic tourism stimulus to help mitigate the impact on the tourism sector stemming from a slowdown in foreign tourist arrivals.

Restoring Confidence – Accelerate comprehensive safety inspections of hotels, residential buildings, and high-rise tourist attractions, conducted by certified third-party agencies. Ensure proactive dissemination of clear, accessible information—especially to international tourists and foreign media—via targeted communication campaigns. Additionally, prioritize the rapid development of an emergency alert system

capable of issuing timely warnings to both local residents and foreign tourists in high-risk areas. Most importantly, government communication must be efficient, timely, transparent, and credible.

Although the physical aftershocks of the earthquake are beyond our control, clear and effective communication can help ease public anxiety and contain potential spillover effects on the broader economy.

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