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Thailand Continues Review of Long-Term Commercial and Industrial Lease Framework to Support Investment Efficiency

Thailand is currently undertaking a policy review of its long-term commercial and industrial lease framework under the Immovable Property Lease for Commercial and Industrial Purposes Act B.E. 2542 (A.D. 1999), administered by the Department of Land. The review forms part of a broader regulatory assessment aimed at determining whether the existing legal framework continues to adequately support investment activity, commercial development, and industrial land use in light of evolving economic conditions and foreign investment trends in Thailand.

The Act, which has been in force since 1999, provides a legal mechanism for long-term leasing of immovable property for qualifying commercial and industrial purposes. Under the framework, eligible projects may obtain lease terms of up to 50 years, subject to specific conditions relating to zoning, investment thresholds, and regulatory approval. These typically include requirements that the land be located in designated commercial or industrial zones or within industrial estates, as well as minimum investment criteria or approval under Thailand's investment promotion regime.

The current review focuses on assessing the practical effectiveness of the regime, including its usage in practice, registration volume, scale of leased areas, and its overall contribution to facilitating economic activity. Authorities are also examining whether the framework remains sufficiently flexible to support modern investment structures, particularly in sectors requiring long-term land use certainty, such as manufacturing, logistics, and large-scale commercial development.

A key policy consideration underlying the review is whether the current legal framework appropriately balances investment facilitation with land use regulation and national economic policy objectives. While long-term commercial leases provide an important alternative to land ownership for foreign investors, the regime remains subject to strict statutory conditions and registration requirements, and must operate within the broader constraints of Thailand's land ownership restrictions and planning regulations.

From a broader legal and commercial perspective, the review signals a potential shift towards improving regulatory efficiency in Thailand's land use framework rather than fundamentally altering foreign ownership rules. Any future amendments are therefore more likely to focus on procedural simplification, enhanced clarity of eligibility criteria, and improved alignment with investment promotion policies, rather than a liberalisation of land ownership rights.

For businesses and investors, the ongoing assessment highlights the importance of structuring long-term property arrangements in compliance with the existing statutory framework while monitoring potential regulatory developments that may affect project structuring and investment planning. As Thailand continues to position itself as a regional investment hub, reforms to the long-term lease regime may play a key role in enhancing legal certainty and improving the ease of doing business in commercial and industrial property sectors.

Should you have any question, please do not hesitate to contact us via info@bgloballaw.com

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