

SECTOR OVERVIEW

1. Lombard Asia has an opportunistic fund strategy and is expected to pursue investments in the following sectors and subsectors: agriculture logistics, transportation, and retailing; education; food products; financial services; health care; hospitality and restaurants; human resources and outsourcing; light manufacturing and construction materials; and media and entertainment.¹

A. Agriculture Logistics, Transportation, and Retailing

2. Thailand is one of the most urbanized societies in Southeast Asia, with a population of nearly 66 million, about 50% of whom are urban dwellers. Urban consumers are showing increasing propensity for convenience and high-quality brands, and are patronizing smaller shops near their workplaces or transportation routes rather than large traditional markets, which will have to improve competitiveness to expand their income bases and target customer groups. Domestic purchasing power will be supported by (i) accelerating investment by the public and private sectors and developing infrastructure in rural areas, which will stimulate the expansion of neighboring communities and, in turn, spending; and (ii) continuous government measures to stimulate spending, such as tax breaks for domestic tourism spending and improving the quality of life for welfare cardholders.

B. Education

3. Thailand has the potential to become a regional hub for high-quality private education because of low tuition fees and a highly regarded international school market. A growing number of families from other parts of Asia are moving to Thailand for their children's education and finding the affordability, international curricula options, and progressive learning environments attractive. Future growth of the international school market in Thailand is likely to be driven most predominantly by the local population placing greater value on a Western-style education.²

C. Food Products

4. Despite the impact of the coronavirus disease (COVID-19) on business, there have been increasing investments in the food industry, which reflects the confidence in Thailand's resilient, innovation-focused food industry. These new investments cover the manufacture of various products. As a result of effective management of the COVID-19 crisis, the country's food factories remain open, food supply chains are intact, and international demand for many Thai food products has increased. Food industry revenues account for more than 20% of Thailand's gross domestic product, and the Government of Thailand has selected high-tech food processing as one of the key industries to promote under its Thailand 4.0 strategy.³

D. Financial Services

5. Thailand's banking and financial services industry is well-developed within the region and is on a growth path because of opening up of the industry to outside investment as part of the Association of Southeast Asian Nations (ASEAN) economic community and the ongoing focus on

¹ Krungsri Research. [Outlook 2020–2022](#).

² ISC Research. 2020. [Thailand Market Intelligence Report](#).

³ Government of Thailand. Board of Investments. 2020. [The Increasing Investments in Thailand's Food Sector Reflects the Confidence in Thailand Despite COVID-19 Outbreak](#). Bangkok.

deregulation, which will likely spur consolidation in the banking and insurance industries. Also, financial institutions will need to prepare to compete and do business regionally as part of Thailand's evolution as a center of financial connections in Cambodia, the Lao People's Democratic Republic, Myanmar, and Viet Nam.

E. Health Care

6. Thailand is the leading manufacturer of medical devices in ASEAN, especially single-use devices for both the domestic and export markets. The medical devices industry offers good growth prospects as the government is targeting to make Thailand the ASEAN medical hub. It has declared health care as one of the new industries for which it is offering investment support, especially to investors in the Eastern Economic Corridor.⁴ This will encourage investment in the medical devices industry and stimulate exports to the region. Also, Thailand has an aging population, which will support increasing demand for modern, high-tech medical services. Other key health care drivers include insurance cover with increased benefits, large-scale development of hospitals and other health care facilities, initiatives to increase private sector participation in the health care system, and government support for online medical services and smart technology.

F. Hospitality and Restaurants

7. Thailand's economy is heavily dependent on tourism, which accounts for 20% of the gross domestic product. Because of the COVID-19 pandemic, Thailand's hospitality industry has been severely hit and it could take until 2024 for the industry to be back to pre-pandemic levels.⁵ Thailand's hospitality industry is now entering a recovery phase following the easing of lockdown measures, including interprovincial travel restrictions in July 2020, with some encouraging signs of recovery in short haul and domestic trips.

G. Human Resources and Outsourcing

8. Thailand is an attractive location for many foreign facility management companies, especially because the capital is expanding and there are major coordinating projects going on between the country and its neighbors. The facility management landscape in Thailand is highly competitive and mature. The market is fragmented, with a high outsourcing rate to major multinational companies and many services for established consumer sectors. The market is expected to grow with the increasing acceptance rate of outsourcing services and the government's plan to invest in infrastructure.⁶

H. Light Manufacturing and Construction Materials

9. Growth across residential and commercial segments remains impacted because of the economic downturn caused by the COVID-19 outbreak. Over the short term, investment and growth in construction will be driven principally by government spending on mega projects, especially in the Eastern Economic Corridor, where public sector spending should cushion the decline of the industry and encourage a greater level of private sector investment. Thus, demand for construction materials is forecast to strengthen over the next 3 years between 2020 and 2022

⁴ The Eastern Economic Corridor, officially the Eastern Special Development Zone (ESDZ), is a special economic zone of three provinces in eastern Thailand. Its primary focus is to improve existing connectivity and foster manufacturing and innovation. B. Dunseith. 2018. [Thailand's Eastern Economic Corridor – What You Need to Know](#). ASEAN Briefing. 29 June.

⁵ TTR Weekly. 2020. [Thailand's tourism recovery four years away](#). 28 September.

⁶ Research and Markets. 2019. [Thailand Facilities Management \(FM\) Market Analysis & Outlook 2017-2023](#). Dublin.

by 6%–8% per year. In addition to growing opportunities in the domestic market, the growth of Cambodia, the Lao People’s Democratic Republic, Myanmar, and Viet Nam will present opportunities to Thai companies to expand their customer base in these markets.

I. Media and Entertainment

10. The lockdown caused by the COVID-19 pandemic has accelerated the media shift in Thailand from traditional to online media, which is expected to transform the industry in the next 3 years between 2020 and 2022.⁷ This is reflected in the allocation of advertising spending, where major brands and advertisers are putting more emphasis on digital tools, not only to raise brand awareness and customer engagement but also to drive e-commerce business.⁸

⁷ *Thai Examiner*. 2020. [Lockdown accelerates the media shift in Thailand to online news and entertainment consumption at home](#). 28 April.

⁸ *The Nation Thailand*. 2016. [Media, entertainment industry turns to online platforms as ad spending rises](#). 28 December.