

Business Overview

- In 2025, Thailand's automotive market began recovering from a low base set in 2024, when total sales reached only 572,675 units — the lowest level in 15 years. Full-year 2025 sales rose to 621,166 units, up 8.5%YoY. This recovery was driven by improved performance in select segments, particularly SUVs and battery electric vehicles (BEVs), while one-ton pickup trucks continued to contract for a third consecutive year, weighed down by the fragile purchasing power of their core customer base — farmers and small business operators — and persistently tight lending standards among financial institutions.
- By vehicle segment, passenger car sales totaled 239,244 units, up 6.7%YoY, representing 38.5% of the market — a slight decline from 39.1% in 2024. Commercial vehicle sales reached 381,922 units, up 9.6%YoY, driven primarily by SUVs, which surged 41.4%YoY to 166,623 units, lifting their market share from 20.6% to 26.8%. Conversely, one-ton pickup truck sales declined 12.0%YoY to 143,712 units, reducing their market share from 28.5% to 23.1%, even though sales managed to post growth in the final two months of the year — ending a 37 consecutive month contraction. Other commercial vehicles contributed 71,587 units, up 6.3%YoY.
- Overall vehicle sales began recovering from April onward and continued through year-end. December was particularly strong at 75,121 units, up 39.1%YoY — the highest monthly figure in nearly three years. The principal catalyst was Motor Expo 2025, which stimulated demand through aggressive sales campaigns and many new model launches. Passenger car and SUV sales were standout performers, with BEV sales receiving an additional boost from consumers rushing to purchase before the EV 3.0 incentive program expired.

Figure 1 Domestic Vehicle Sales



Table 1 Vehicle Sales by Segment

Vehicle Type	Sales (Units)		Share (%)		YOY%	
	2024	2025	2024	2025	2024	2025
Passenger Cars	224,156	239,244	39.1	38.5	-23.4	6.7
Commercial Cars	348,519	381,922	60.9	61.5	-27.9	9.6
- 1-Ton Pickups	163,347	143,712	28.5	23.1	-38.3	-12.0
- SUVs	117,800	166,623	20.6	26.8	3.2	41.4
- Others	67,372	71,587	11.8	11.5	-35.4	6.3
Total	572,675	621,166	100.0	100.0	-26.2	8.5

Source: Analysis by LHB business research, based on data from Toyota Motor Thailand Co., Ltd.

Export Situation

- Thailand's vehicle export trend has been decelerating. After a sustained rise from 2020 through 2023, exports began retreating in 2024 and contracted further in 2025 to 935,750 units (-8.2%YoY), reflecting weakening global demand, rising production costs, increasingly stringent environmental regulations, and intensifying competition from EVs in international markets. Structurally, exports remain concentrated in key regions — Asia (27.8%), Oceania (27.3%, especially Australia), and the Middle East (21.4%) — and continue to rely heavily on diesel-pickup trucks, underscoring Thailand's established role as a regional hub for commercial vehicle manufacturing. That said, there are signs of a gradual product mix shift toward alternative-energy vehicles in response to evolving global demand.

- In the automotive parts segment, export markets are similarly concentrated, led by the United States (23.9%) and ASEAN (22.5%),** followed by Japan and the European Union. Notably, the "Other" category accounts for a combined 31.2%, reflecting Thai exporters' increasing diversification into new markets. As a result, total auto parts export value managed to grow in the past year, demonstrating greater resilience compared to finished vehicle exports.
- Regarding the Middle East specifically, although its share of auto parts exports is relatively modest (4.1%), the market has continued to expand at 7.7%YoY. Tires account for over 47% of exports to the region,** reflecting robust demand from oil-exporting nations with strong purchasing power. Nevertheless, this market has become increasingly volatile due to elevated geopolitical risks — particularly the threat of the Strait of Hormuz closure, which would disrupt logistics and raise both transportation costs and delivery lead times.

Figure 2 Car Export by Region

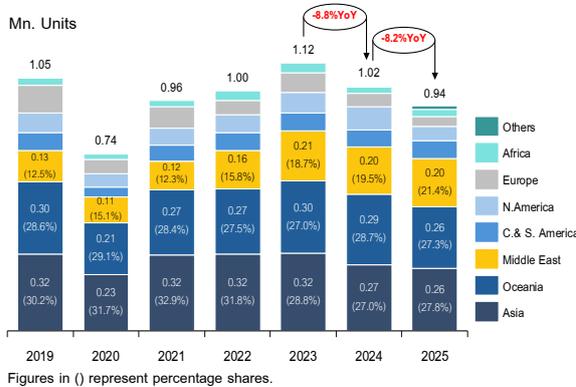
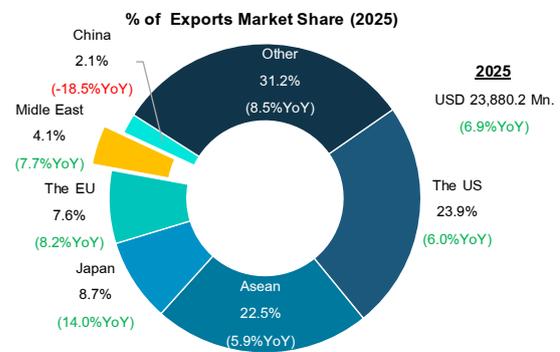


Figure 3 Share of Auto Parts Export Value by Region



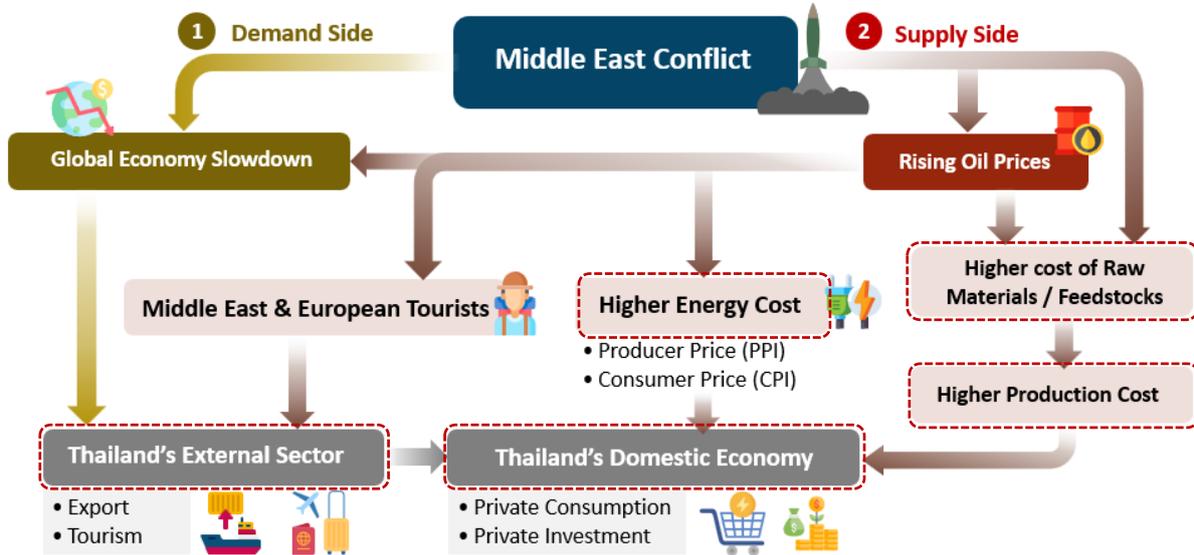
Source: Analysis by LHB business research, based on data from MarkLines and the Ministry of Commerce

Impact of the Middle East Conflict

- The escalating conflict in the Middle East has driven a sharp increase in crude oil prices, transmitting its effects across both the supply and demand sides of Thailand's automotive industry.** On the supply side, higher energy costs have pushed up transportation and logistics expenses, as well as the prices of key raw materials including steel, aluminum, and plastics — all of which translate directly into higher vehicle manufacturing costs. The risk of a Strait of Hormuz closure and the rerouting of shipping lanes have also caused partial disruptions to vehicle and parts imports and exports, lengthening delivery times and driving up freight rates and insurance premiums. These pressures are affecting manufacturers' production schedules and are expected to feed through to vehicle retail prices going forward. On the demand side, global economic uncertainty has dampened exports and tourism, while higher fuel prices are eroding household purchasing power and prompting consumers — especially those in the market for internal combustion engine (ICE) vehicles — to defer purchases. This is weighing on overall vehicle sales, while electric vehicles and fuel-efficient models are gaining increased traction as cost-saving alternatives.
- For automotive dealers, the pressures are felt on both the cost and revenue fronts. Key risks include delayed vehicle deliveries and higher inventory carrying costs, while margins face compression from**

competition and cost burdens that may be passed down through the supply chain. Domestic logistics costs are also rising in line with energy prices. Despite growing consumer interest in EVs, the combination of elevated production costs and weak purchasing power remains a significant constraint on overall sales recovery in the short-to-medium term.

Figure 4 Transmission Channels of the Middle East Conflict's Impact on the Thai Economy and Businesses



Source: Analysis by LHB business research

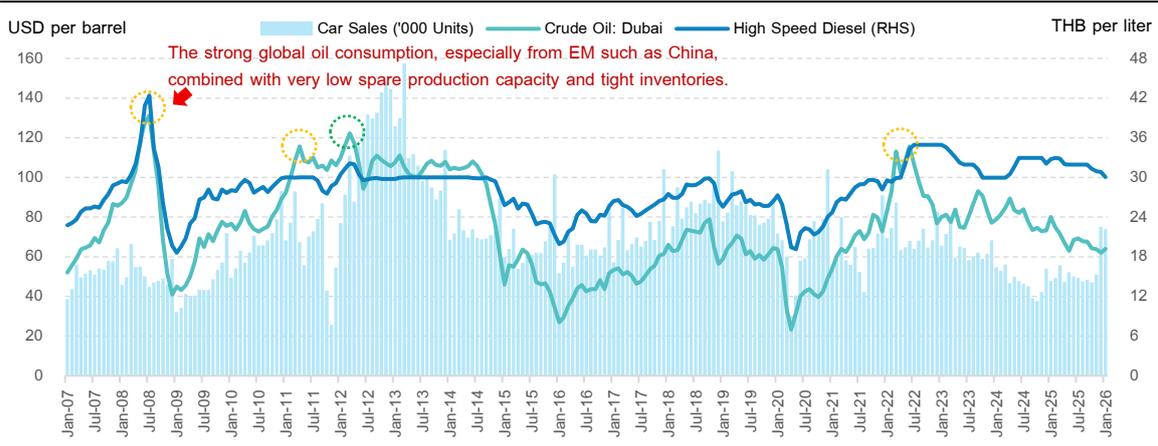
Business Outlook

- Risks to the automotive dealership sector are expected to intensify in 2026, compounding pre-existing pressures from fragile consumer purchasing power and persistently tight lending standards among financial institutions. Although the second-half recovery in 2025 was sufficient to deliver full-year sales growth, the escalating Middle East conflict — specifically the US–Israel confrontation with Iran — has introduced a significant new risk factor. In particular, the potential closure of the Strait of Hormuz, the world's most critical oil transit route, has driven a rapid spike in crude oil prices that is now transmitting its effects across both the cost and demand sides of Thailand's automotive industry. Energy expenses, freight rates, and insurance premiums are all trending upward, pushing vehicle production costs higher, while shipping rerouting is extending delivery lead times, weighing on export flows, and increasing the risk of disruptions to manufacturers' production schedules.
- While historical oil price surges — notably in 2008 and 2022 — had generally been followed by vehicle sales volatility and near-term market slowdowns driven by higher ownership costs, the pass-through effect was not always direct, as outcomes depended on counterbalancing factors such as the strength of economic recovery, government stimulus measures, and state energy subsidies. **In the current environment, however, oil prices have risen against a backdrop of subdued economic growth and a slow recovery in purchasing power, making the impact on purchase decisions more pronounced than in prior cycles.** Lower-to-middle income consumers and commercial vehicle buyers have shown a greater tendency to defer purchases or trade down to more fuel-efficient alternatives. **Consequently, commercial vehicles and high-fuel-consumption models**

are expected to face steeper headwinds relative to other segments, as these categories remain particularly sensitive to both energy price levels and the fragile income conditions of their core customer base.

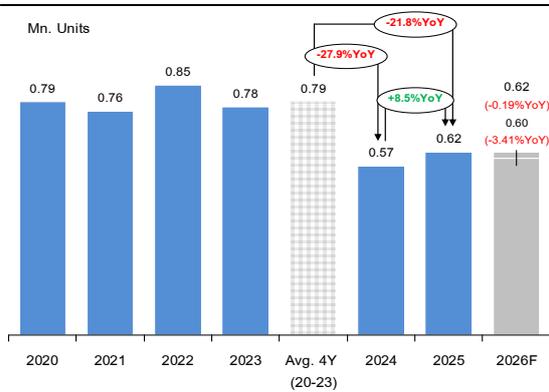
- Limited Conflict Scenario (1–3 months):** The impact on domestic vehicle sales would likely be negative but contained. Based on actual 2025 sales of 621,166 units, domestic sales in 2026 could stagnate or decline modestly, settling in the range of approximately 600,000–620,000 units, under the assumption that oil prices rise temporarily without severely disrupting supply chains. This reflects continued recovery headwinds from higher oil prices eroding vehicle ownership costs and purchasing power, partially offset by ongoing demand in the passenger car and alternative-energy segments. Exports, meanwhile, are likely to face greater pressure, given higher logistics costs, shipping route risks, and potentially weaker demand in key trading partner markets affected by energy inflation and rising transportation costs.
- Prolonged Conflict Scenario (more than 3 months):** The impact would become structurally significant — driven by persistently elevated production and logistics costs, accumulated supply chain disruptions affecting productive capacity, weakened consumer purchasing power from energy-driven inflation, and a broader global economic slowdown. Both domestic sales and exports would face more pronounced and sustained downward pressure.

Figure 5 Dubai Crude Oil Price vs. High-Speed Diesel Price, with a comparison of car sales.



Source: Analysis by LHB business research, based on data from EPP0 and Toyota Motor Thailand Co., Ltd.

Figure 6 Car Sales Forecast: Limited Conflict Scenario



Source: Forecast by LHB business research

Table 2 Middle East Conflict Scenarios: Thailand 2026

Economic Factors	Baseline	Limited	Prolonged
Conflict Duration (months)	0	1-3	>3
Dubai Oil Price (Avg. USD/bbl.)	65.0	85.0	>100.0
Headline CPI (%YoY)	0.2	1.3	>2.3
Inbound Tourists (persons, Mn.)	34.0	30.0-33.0	<28.0
TH GDP (%YoY)	1.8	1.3-1.5	<1.3
TH Policy Rate (% eop)	1.00	1.00	0.75

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