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PROPERTY

Bank of Thailand eases mortgage rules to support property sector

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property sector struggling from the impacts of the pandemic, officials said on Thursday, sending property shares higher.

The loan-to-value ratio limit has been lifted to 100% from 70-90% until end-2022 to increase activity in the real estate sector, which will take years to recover, officials said. The rules were effective on Wednesday.

"Uncertainty remains high and some sectors are still fragile, so measures have been introduced to stimulate the economy and increase jobs," Roong Mallikamas, an assistant BoT governor, told a news conference.

The measures will be for all housing loan contracts, including refinancing, while there is little sign of speculation in the sector, she said.

Shares in real estate developers rose 1.2% at the lunch break, with Origin Property up 6.5% and Noble Development up 3%.

The property sector accounts for about 10% of gross domestic product (GDP) and employs 2.8 million people, said senior BoT director Don Nakornthab.

The BoT has forecast GDP growth of 0.7% this year and 3.9% in 2022, following a 6.1% slump last year.

Southeast Asia's second-largest economy is expected to return to pre-pandemic levels in early 2023, but the property sector will take much longer to normalise, Mr Don said.



"The economy has already bottomed out. But without additional measures, property sector activity is not expected to return to pre-crisis levels until 2025," he said.

"We are hoping the measures will help the property sector recover faster," Mr Don said.