THE IMPACT OF CURRENCY FLUCTUATIONS ON CROSS-BORDER REAL ESTATE INVESTMENTS IN THAILAND

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This Independent Study Has Been Approved as a Partial Fulfillment of the Requirements for the Degree of Master of Business Administration

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ABSTRACT

This research investigates the effects of currency fluctuations on cross-border real estate investments in Thailand, zeroing in on how changes in the Thai Baht (THB) against key currencies like the US Dollar (USD) and Euro (EUR) shape investor strategies and influence outcomes. Thailand, known for its expanding economy and relatively stable property market, has become a highly attractive destination for foreign investors. Yet, the fluctuating value of the THB introduces a unique risk. This study's primary aim is to understand how shifts in currency impact acquisition costs, financing approaches, and investment returns, and to pinpoint effective risk management strategies that investors rely on to handle these variations.

To pursue these aims, the study used a qualitative research approach, conducting semi-structured interviews with 15 seasoned professionals in the field, including real estate investors, financial analysts, and legal experts who are well-versed in the Thai market. These participants shared valuable insights into how currency volatility affects their investment choices and outlined the specific strategies they use—such as currency hedging, portfolio diversification, and timing capital deployment—to mitigate the risks associated with exchange rate changes.

The study’s findings indicate that currency volatility has a direct impact on the profitability of real estate investments. It affects key aspects like the repatriation of profits, acquisition expenses, and debt repayment, underscoring the need for strong risk management practices. Additionally, broader economic factors like inflation and interest rates, coupled with Thailand’s political stability, significantly drive the THB's volatility, further influencing investor confidence and decision-making.

In summary, this research highlights the importance of implementing solid currency risk management strategies when investing in international real estate markets. Investors can shield their assets from currency fluctuations more effectively by adopting practices like hedging and diversification. Moreover, the study suggests that policymakers should focus on enhancing economic stability and transparency, creating a more favorable and reliable investment environment in Thailand.

Keywords: currency fluctuations, cross-border investment, real estate, risk management, Thailand, Thai Baht

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(Maurice Pascal Karle)

Jan 29, 2025

DECLARATION

I, Maurice Pascal Karle, hereby declare that this Independent Study entitled "The Impact of Currency Fluctuations on Cross-border Real Estate Investments in Thailand" is an original work and has never been submitted to any academic institution for a degree.

....

(Maurice Pascal Karle)

Jan 29, 2025

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Chapter 1 Introduction

1.1 Background of the Study

Currency changes have a major impact on cross-border investments, particularly real estate, and are a crucial issue in global finance. For foreign investors, the fluctuating currency rates, which are influenced by variables like inflation, interest rates, and political stability, present a special risk (Sirmans & Worzala, 2003). Currency risk in particular, or the possibility of investment losses as a result of adverse exchange rate fluctuations, has a significant impact on the cost and profitability of cross-border real estate transactions, making it a crucial component of investment decisions (Hoesli & Lizieri, 2007).

Because it requires a large initial capital commitment and is illiquid, real estate is a different asset class than stocks or bonds. Additional challenges associated with cross-border real estate investments include taxation, legal concerns, and the state of the target market's economy. (Worzala, 1994). Currency swings are one of these that can have a big effect. The decision-making process is complicated because, for instance, even slight fluctuations in exchange rates can have an impact on the price of purchasing real estate and the returns when converted into the investor's native currency (Liow K. , 2010). Thailand's developing economy, middle class, and tourism industry have made it a popular destination for foreign real estate investors in recent years (Knight Frank, 2023). Foreign investment in residential and commercial real estate has surged in places like Bangkok. Nonetheless, the Thai Baht (THB) has experienced notable fluctuations in relation to major international currencies, specifically the US Dollar (USD) and the Euro (EUR) (Bank of Thailand, 2024). Foreign investors face uncertainty due to these swings because a stronger Baht may result in higher acquisition costs and a weaker Baht may result in lower earnings that are repatriated (Chin, Lai, & Ling, 2012).

Currency changes have a significant impact on international real estate investments, especially in developing nations with more unstable economies like Thailand (Warnock & Warnock, 2020). For example, capital flows resulting from US and European monetary policy might influence the relative strength of the Baht, making it difficult for foreign investors to precisely forecast their profits (Jara, Moreno, & Tovar, 2009). Furthermore, geopolitical events can increase currency volatility and complicate investment decisions. Examples of these events include trade conflicts and regional crises (IMF, 2022).

There has been limited investigation on how currency fluctuations especially effect cross-border real estate investments, despite the growing interest in Thailand's real estate market (Newell & Hsu, 2007). Although currency risk is frequently mentioned in relation to financial markets, real estate transactions are more dynamic because of their longer duration and heightened susceptibility to local laws and demand patterns (Lizieri & Pain, 2014). By investigating the effects of currency changes on international real estate investments in Thailand, this study aims to close this knowledge gap and offer advice on how investors might successfully manage these risks.

International investors looking to invest in Thailand must comprehend the connection between currency volatility and real estate (Chen & Hobbs, 2003). The results of this study will assist investors in managing the risks brought on by currency changes and creating plans to safeguard their investment through diversification, timing, or hedging (Baker , Gompers, & Wurgler, 2014). This study aims to enhance the general knowledge of currency risk in relation to real estate investments in developing economies by examining the particular instance of Thailand.

1.2 Questions of the Study

This study theoretically and practically tries to find out how currency fluctuations affect cross-border real estate investments in Thailand. In giving structure to the study, the following important questions will be addressed:

1. How do currency fluctuations impact foreign real estate investments in Thailand?

This question seeks to examine how fluctuations in exchange rates influence foreign real estate investments in Thailand, both directly and indirectly. It considers how changes in the Thai Baht relative to key currencies like the US Dollar and Euro can affect essential aspects such as property purchase costs, financing options, and repatriation of profits. The aim is to gain insights into how these currency shifts impact foreign investors' decisions and the returns they realize from their investments. By delving into these areas, the study aspires to provide a clearer understanding of how exchange rate variations can shape investment strategies in Thailand's real estate market in both the short and long term.

2. What are the primary risks and challenges faced by international investors in the Thai real estate market due to exchange rate volatility?

This study dives into the specific hurdles foreign investors face due to currency fluctuations in Thailand's real estate sector. The focus is on how these currency shifts impact critical decisions, such as the timing of property deals, financing options, and overall property values. It also examines the effect of currency volatility on investor confidence, particularly in situations where currencies are unstable. By understanding how exchange rate shifts present challenges, the study seeks insights into how these fluctuations influence the decision-making process for international investors, especially when they consider committing to long-term investments in an unpredictable economy.

1.3 Objectives of the Study

This study examines the impact of currency fluctuations on foreign real estate investments in Thailand. It assesses how changes in exchange rates affect investment decisions, the strategies investors employ to mitigate risks, and the ultimate impact of these fluctuations on investment performance. The primary objectives of the research are:

1. **Determine the impact of currency shifts on the costs, risks, and returns associated with investing in Thai real estate.**

   The objective is to examine how fluctuations in the Thai Baht relative to major currencies, such as the US Dollar or Euro, influence the financial aspects of real estate investments. This includes an analysis of how fluctuations in the exchange rate impact the affordability of properties, the impact on financing costs, and the potential profits that investors can realize after converting back to their local currency.

2. **Identify the key risks faced by foreign investors due to currency fluctuations in the Thai real estate market.**

   The specific difficulties experienced by foreign investors are analysed in this section. These difficulties include unforeseen changes in real estate values, increased borrowing costs, and decreased profitability in the event of adverse currency rate moves. It looks at the potential impact these risks may have on investor confidence and discourage long-term investment commitments.

3. **Assess the ways in which international investors can hedge against exchange risk when purchasing Thai real estate.**

   Furthermore, the study gives insight into the many strategies investors employ to reduce their exposure to exchange rate risks. To prevent losses from currency fluctuations, this can require employing financial instruments like hedging contracts, diversifying their investments, or modifying their timelines.

By accomplishing these purposes, the study produces useful information about how foreign exchange rates affect overseas real estate investments, which will be helpful to both market participants and investors.

1.4 Scope of the Study

This study focuses on international real estate investments made in Thailand, specifically looking at how exchange rate fluctuations affect these kinds of business endeavors. The study examines only the period from 2015 to 2023, when there were noticeable changes in the value of the Thai Baht (THB) relative to other important currencies like the US dollar (USD) and euro (EUR). By covering a range of economic conditions, from periods of relative stability to periods of higher volatility, this timeframe provides the study with a balanced perspective on how currency changes affect real estate investment decisions.

The main cities in Thailand, particularly Bangkok, which has attracted a significant amount of international real estate investment, will be the primary geographic focus of the study. The capital city is a significant center for both residential and commercial real estate, making it the ideal region of emphasis for our study, even though other parts of Thailand might possibly draw foreign investment.

This study focuses on looking at both residential and commercial real estate investments as they represent the majority of foreign investments in Thailand. However, as those sectors have different investment dynamics and are therefore less vulnerable to changes in foreign exchange rates, it will not apply to other investment categories like infrastructure projects or industrial real estate.

Additionally, the study concentrates on looking at how foreign investors from developed countries—specifically, the US and the EU—are impacted by currency fluctuations. The USD and EUR, the currencies of these regions, have experienced significant fluctuations in respect to the Thai Baht throughout the study because of their historical importance in Thailand's real estate industry. Investors from other countries or currencies will not be included in this study because their investment behavior may be affected by various factors.

In summary, this study aims to provide practical recommendations for managing currency risk; however, it does not investigate other factors that may influence real estate investment decisions, such as local political concerns, regulatory changes, or broader macroeconomic trends. These concerns are relevant, but they are not the primary focus of currency fluctuations and their impact on investment returns.

1.5 Significance of the Study

This study is important because it advances scholarly understanding and provides useful information for overseas buyers interested in Thailand's real estate market. Understanding how currency changes impact these investments is essential for limiting risk and optimizing returns as interest in cross-border investments in developing countries like Thailand rises.

From an academic perspective, this work fills a knowledge vacuum on the relationship between currency volatility and real estate investments, especially in emerging markets. Although a lot of study has been done on how exchange rates affect financial markets, less has been done on the real estate sector, which faces unique challenges such illiquidity and high transaction costs.

The results will practically give international investors ways to control currency risk. Exchange rate fluctuations can affect purchase costs, financing, and profit repatriation. In order to lessen these risks, this research provides solutions such as diversification, timing, and hedging.

Because foreign direct investment (FDI) is essential to Thailand's real estate industry, the study also has policy implications for the country's legislators. In order to establish a more stable investment climate, authorities should implement policies like increasing financial market transparency or providing hedging instruments by acknowledging the difficulties faced by currency fluctuation.

In conclusion, investors and policymakers in Thailand and other developing economies will benefit from this research's insightful analysis of currency risk management in real estate.

1.6 Definition of Key Terms

Currency Fluctuations: This term refers to the shifts in the Thai Baht (THB) exchange rate relative to major currencies like the US Dollar (USD) and Euro (EUR). These changes can affect the cost of buying property, repatriating profits, and paying off foreign debt, all of which play a significant role in shaping the outcomes of cross-border real estate investments.

Cross-Border Investment: Investment activity where capital is moved across national borders to buy or develop assets in another country. Here, cross-border investment specifically focuses on foreign investment in Thailand’s real estate market.

Real Estate: This refers to properties that include residential, commercial, and mixed-use buildings. In this context, real estate is about properties in Thailand that are open to foreign investment and are affected by currency shifts.

Risk Management: This involves strategies and tools aimed at reducing potential losses due to currency fluctuations. Methods like hedging, diversifying investments, and timing investments carefully help limit the risks associated with unfavorable exchange rate changes.

Thai Baht (THB): Thailand’s official currency, the value of which against other currencies significantly impacts the financial viability and profitability of international real estate investments within Thailand.

Hedging: A financial approach that helps investors protect themselves from losses caused by currency changes. Popular hedging tools include forward contracts and currency swaps, which work to stabilize returns and guard against negative exchange rate shifts.

Political Stability: This reflects the consistency and reliability of Thailand’s government and legal framework, which are crucial for investor confidence. Political stability matters because disruptions in governance can lead to currency volatility, ultimately affecting returns on cross-border investments.

Chapter 2 Literature Review

2.1 Operational Variables in Cross-Border Real Estate Investment

Cross-border real estate investment introduces several key operational variables that investors must manage carefully. One critical factor is currency fluctuation. Exchange rate volatility between the home currency and the local currency, such as the Thai Baht, can significantly impact returns. Investors may benefit from currency appreciation but face losses when the currency depreciates. To manage these risks, investors often use hedging strategies, though these can add costs (Malladi & Fabozzi, 2020).

Another important variable is the legal and regulatory framework in Thailand. Foreign ownership of land is restricted, although foreigners can purchase condominium units. Understanding these regulations and staying compliant is essential to avoid legal challenges. Regulatory changes can also affect the market and pose risks for long-term investments (Deloitte, 2020).

Market transparency is another factor that can influence cross-border investments. Thailand ranks as semi-transparent, meaning investors might encounter difficulties in obtaining accurate market data. This can complicate property valuations and increase risk, making partnerships with local experts crucial (JLL, 2020).

Finally, cultural and operational differences play a role. Differences in business practices, negotiation styles, and decision-making processes can slow down transactions or create misunderstandings. Foreign investors often work with local partners to navigate these differences effectively (CBRE, 2021).

In summary, successful cross-border real estate investment in Thailand requires careful consideration of currency risks, regulatory frameworks, market transparency, and cultural differences.

2.2 Operational Variables: Impact of Currency Fluctuations on Real Estate Returns

Exchange rate volatility is a significant factor in cross-border real estate investment, as fluctuations in currency values can directly affect the returns on foreign investments. For investors purchasing property in Thailand, changes in the value of the Thai Baht relative to their home currency can either enhance or erode profits. For instance, if the Baht weakens after the acquisition, the value of any returns, when converted back to the investor's currency, diminishes. Conversely, a stronger Baht can boost returns when repatriating profits (Malladi & Fabozzi, 2020).

To manage this risk, many investors employ currency hedging strategies such as forward contracts or options. These financial instruments allow investors to lock in exchange rates, providing a safeguard against potential losses from unfavorable currency movements. However, hedging introduces additional costs, which can reduce overall returns (Liow & Ye, 2020).

Furthermore, exchange rate volatility also affects the timing of investments. Investors might delay purchasing real estate in Thailand if the currency is expected to depreciate, or they may act quickly if a favorable exchange rate is anticipated. This adds another layer of complexity to investment decision-making, especially in volatile markets (Deloitte, 2020).

In summary, exchange rate volatility is a key determinant of real estate returns in cross-border investments. By carefully managing currency risk through hedging and strategic timing, investors can mitigate potential losses and maximize profits.

2.3 Operational Variables: Financing Foreign Real Estate Investments in Developing Markets

Financing foreign real estate investments in developing markets presents unique challenges, particularly due to limited access to local financing and higher borrowing costs. In markets like Thailand, foreign investors often face restrictions on securing local loans, which can push them to seek financing from international lenders or private equity sources (Savills, 2020). These options, while accessible, typically come with higher costs and more stringent conditions.

Interest rates in developing markets tend to be higher than those in more developed economies, increasing the cost of borrowing for foreign investors. This can significantly impact the overall profitability of real estate investments. Moreover, currency fluctuations pose additional risks, as local loans in the developing market's currency can become more expensive to service if the foreign investor’s home currency depreciates (World Bank Group, 2021). To manage these risks, investors often employ hedging strategies or opt for financing in foreign currencies, though both approaches come with additional costs.

Another challenge in developing markets is the limited availability of credit due to less mature banking and financial systems. Many foreign investors turn to joint ventures with local firms, which provide access to local financing and help navigate regulatory hurdles (PwC, 2020). Such partnerships can mitigate some of the risks associated with foreign investment by leveraging local knowledge and networks.

In conclusion, financing real estate investments in developing markets like Thailand requires careful consideration of interest rates, currency risks, and the availability of local credit. International lenders, hedging strategies, and local partnerships are critical tools for mitigating these challenges and ensuring the success of foreign investments.

2.4 External Risk Factors: Role of Interest Rates in Cross-Border Investment Decisions

Interest rates play a pivotal role in shaping cross-border real estate investment decisions, as they directly influence both the cost of financing and the potential returns on investments. When interest rates in a given country are low, borrowing costs decrease, making it more attractive for foreign investors to finance real estate acquisitions. This can stimulate a surge in cross-border investments, as foreign capital seeks to take advantage of cheap debt to maximize returns on property investments (Geltner, et al., 2013). Conversely, rising interest rates increase the cost of borrowing, making real estate investments less profitable unless they are compensated by higher rental yields or property value appreciation.

For cross-border investors, fluctuations in interest rates in both their home country and the destination market are key factors to consider. If interest rates in the investor's home country are significantly higher than in the target market, this differential can encourage investors to seek financing in the destination country. This practice, known as "carry trade," allows investors to benefit from the interest rate disparity, although it carries risks such as currency fluctuations (Shapiro, 2019). In this context, Thailand's relatively stable and historically low interest rates have made it an appealing destination for international real estate investors seeking favorable financing conditions (Asian Development Bank (ADB), 2023).

However, central banks around the world are continually adjusting interest rates in response to inflationary pressures or economic conditions, which can lead to shifts in investment flows. For example, rising interest rates in global financial centers like the U.S. or Europe may discourage outward investment, as domestic assets offer more attractive risk-adjusted returns. Moreover, changes in interest rates can also affect property values. Higher interest rates tend to depress real estate prices as borrowing becomes more expensive, while lower rates can inflate asset prices due to increased demand (Mankiw , 2020).

In conclusion, interest rates serve as a critical determinant of cross-border real estate investment decisions. Investors must carefully evaluate both current rates and potential future rate movements, as these can significantly impact the profitability of their investments.

2.5 External Risk Factors: Economic and Political Stability as Determinants of Investment Risk

Economic and political stability are crucial factors in determining the level of risk associated with cross-border real estate investments. Countries with strong and stable economies tend to offer more predictable returns on investment, as they are less prone to sudden shifts in inflation, interest rates, or exchange rates. Economic stability signals a favorable investment environment, where market forces are relatively predictable, allowing investors to forecast returns with greater accuracy. For instance, Thailand's solid macroeconomic fundamentals, including steady GDP growth and manageable inflation, have made it a relatively attractive destination for foreign real estate investment (JLL (Jones Lang LaSalle), 2022).

Political stability is equally important. Countries with stable governments and transparent legal systems tend to attract more foreign direct investment (FDI), as investors have greater confidence that their property rights will be respected and that there will be continuity in policy. Conversely, political instability, marked by frequent changes in government, civil unrest, or weak rule of law, introduces a significant layer of uncertainty. In such environments, the risk of sudden regulatory changes or even expropriation of foreign-owned assets increases, making real estate investments particularly vulnerable (World Bank, 2023).

Thailand presents an interesting case in this context. While the country has experienced political turbulence in the past, including military coups and government transitions, it has managed to maintain a relatively stable investment climate in recent years. Nonetheless, investors must remain cautious, as political shifts can still have a pronounced impact on the legal framework governing property rights, foreign investment laws, and taxation. In addition, economic risks such as fluctuating exchange rates, inflation, or sudden shifts in fiscal policy could negatively affect investment returns (OECD, 2022)

In conclusion, the economic and political stability of a target market are primary determinants of investment risk. Real estate investors need to thoroughly assess both macroeconomic indicators and the political landscape before committing to cross-border investments. Failing to do so can expose investors to unexpected risks, which may undermine their expected returns.

2.6 Effective Cross-Border Investment Management: Risk Management Techniques for Currency Fluctuations

Currency fluctuations pose a significant risk to cross-border real estate investors, as changes in exchange rates can affect the value of their returns. To mitigate these risks, investors typically use a variety of financial and strategic techniques, including hedging, currency swaps, and natural hedging through operational strategies.

Hedging is one of the most widely used techniques. Through instruments like forward contracts and options, investors can lock in exchange rates for future transactions, thereby insulating themselves from unfavorable currency movements. While effective, hedging introduces additional costs and is most useful in markets with predictable exchange rate patterns (IPF Research Programme, 2018).

Currency swaps are another sophisticated tool for managing currency risk. In a currency swap, investors exchange debt repayments in one currency for debt in another. This allows investors to match their currency liabilities to their revenue streams, reducing exposure to currency fluctuations. Currency swaps are particularly useful for longer-term investments where volatility in exchange rates can significantly erode profits (Giordano, Wright, & Neconesnic, 2022).

Aligning expenses and income in the same currency is known as natural hedging. For instance, a foreign investor may set up their venture so that both operating costs and rental income are denominated in local currency. The investor avoids the impact of currency rate swings by doing this, which lessens the requirement to move cash between currencies (Corporate Finance Institute (CFI), 2023).

In conclusion, managing currency risks through hedging, swaps, and natural hedging strategies is essential for protecting returns on cross-border real estate investments. These methods, when applied appropriately, help investors minimize the impact of exchange rate volatility and ensure more predictable financial outcomes.

2.7 Effective Cross-Border Investment Management: Legal Frameworks Governing International Real Estate Investments

The legal frameworks governing international real estate investments are complex and vary significantly depending on the target market. For investors looking to engage in cross-border real estate projects in Thailand, it is crucial to understand both local and international laws that influence property ownership rights, taxation, and currency exchange. In Thailand, there are strict regulations governing foreign ownership of real estate. Typically, non-Thais are prohibited from directly owning land unless they use a Thai company or qualify for special exceptions under laws such as the Investment Promotion Act (BOI), which offers strategic advantages to certain types of investors (Luther Law Firm (Thailand) Co., Ltd., 2023).

Moreover, investors must consider international agreements like double taxation treaties (DTTs), which aim to prevent investors from being taxed on the same income in both their home country and Thailand. These treaties play a critical role in optimizing the tax structure of international real estate investments (Beservices Ltd., 2023). Additionally, investor protection is guaranteed through bilateral investment treaties (BITs), which protect against government expropriation and ensure fair access to markets (Konrad Legal Company Limited, 2023).

Anti-money laundering (AML) regulations also require increased transparency from international investors. In recent years, Thailand has implemented stricter regulations to monitor the origin of invested funds and to ensure that these funds do not originate from illegal activities (Mahanakorn Partners Group, 2023). Global anti-money laundering (AML) standards and guidelines heavily affect foreign investors, requiring them to clearly demonstrate that their funds are legitimate. These frameworks form a complicated web of national and international rules that investors need to examine closely before entering Thailand's real estate market. Lacking solid legal guidance and proper due diligence, international investors could face legal setbacks and even financial losses in Thailand.

2.8 Effective Cross-Border Investment Management: Diversification Strategies for Managing Currency Risk in Real Estate

Currency risk, also known as exchange rate risk, poses a big challenge for international real estate investors. Changes in exchange rates can directly affect both the value of their investments and any income they earn from them. To manage this risk, many investors rely on diversification. By spreading their real estate holdings across different currencies and markets, they can reduce their exposure to currency swings, which helps soften the impact on their overall returns. This way, losses in one market might be offset by gains in another, leading to a steadier, more balanced portfolio performance (Sandra & Nnamdi, 2022).

A solid approach to diversification is spreading investments across different regions. When investors buy properties in various countries, they reduce the risk tied to fluctuations in any one currency. For example, pairing investments in Thailand's real estate market with properties in more stable currency regions like the Eurozone or the U.S. can help offset sudden shifts in the Thai baht. This geographic spread also lets investors benefit from different economic cycles, as real estate trends and currency shifts often depend on each country's unique economic conditions (Aloosh & Bekaert, 2022).

Another way to manage currency risk is by diversifying within the real estate sector itself. When investors spread their funds across different property types—like residential, commercial, and industrial—they lessen their dependence on any single asset type that might be more sensitive to currency changes. For instance, residential properties might react differently to currency swings than commercial or industrial ones, adding another layer of protection for a more resilient investment approach (Feng, et al., 2021).

Although not a form of diversification on its own, currency hedging can work well alongside these strategies. By using hedging methods like forward contracts or currency swaps, investors can secure exchange rates for future deals, which helps limit the impact of currency swings. While hedging comes with added costs, it can still be a helpful way to manage risk within a globally diverse real estate portfolio (Muckenhaupt, et al.).

In summary, diversification strategies—whether by investing in different regions, spreading funds across various property types, or adding currency hedging—are key to managing currency risk in international real estate investments. By diversifying wisely, investors can shield themselves from the negative impact of currency swings, helping to secure steadier returns.

2.9 Effective Cross-Border Investment Management: Global Trends in Real Estate Investment and Currency Exposure

In recent years, global real estate investment has seen significant shifts, with currency exposure becoming a central focus for cross-border investors. As the real estate sector becomes increasingly globalized, investors are exposed to a wider range of currency risks, influenced by geopolitical events, shifting economic policies, and fluctuating exchange rates. One notable trend is the rise of emerging markets as attractive destinations for real estate investments, driven by higher growth potential and lower asset prices compared to mature markets. However, these investments often come with greater currency volatility, which investors must carefully manage (PwC & Urban Land Institute, 2023).

Another key trend is the increased use of real estate investment vehicles such as Real Estate Investment Trusts (REITs) and global real estate funds, which allow investors to diversify their currency exposure across multiple markets. These instruments have made it easier for investors to gain access to international properties while spreading the risk associated with currency fluctuations. In particular, REITs have become a popular choice for managing currency risk, as they offer exposure to income-generating real estate assets in various countries, thereby providing a natural hedge against individual currency movements (EY, 2023).

Technological advancements and data analytics are also playing a crucial role in helping investors navigate currency exposure. With access to real-time exchange rate data and sophisticated risk management tools, investors can now more accurately assess and hedge against currency risks. This is particularly important in markets where currency volatility is heightened by political instability or rapid economic change, such as Thailand and other Southeast Asian countries (Deloitte, 2023).

Sustainability has also emerged as a significant trend, with investors increasingly focusing on environmentally sustainable properties. While this trend is primarily driven by environmental, social, and governance (ESG) considerations, it also has implications for currency exposure, as governments in different regions may offer incentives for sustainable investments, which can indirectly affect real estate values and currency stability (CBRE, 2023).

In conclusion, global trends in real estate investment are being shaped by currency exposure, with investors adopting strategies such as diversification through REITs and the use of advanced data analytics to manage risk. As cross-border real estate investments continue to grow, understanding and mitigating currency risk will remain a critical aspect of investment decision-making.

2.10 Conceptual Framework

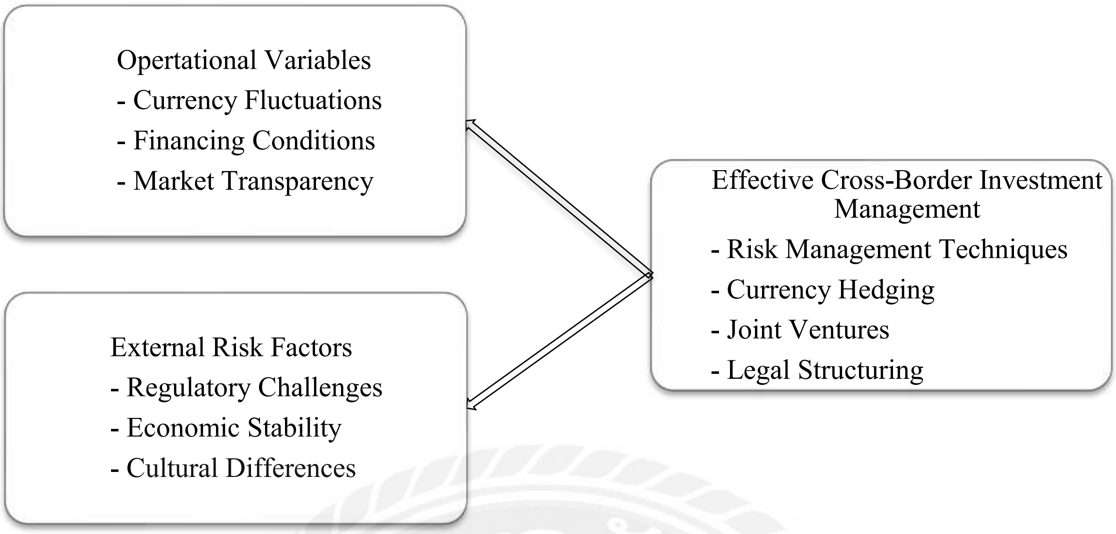

Figure 1: Conceptual Framework

Overview:

The Figure 1 shows the key factors that affect cross-border real estate investments in Thailand.

Operational Variables:

- **Currency Fluctuations**: Exchange rates can impact investment returns.
- **Financing Conditions**: Interest rates and access to loans are important.
- **Market Transparency**: How easy is it to get reliable information about the property market?

External Risk Factors:

- **Regulatory Challenges**: Laws and regulations that can make investments more difficult.
- **Economic Stability**: How stable is Thailand's economy?
- **Cultural Differences**: Different business practices and negotiation styles.

Effective Investment Management:

- **Risk Management**: Strategies like hedging to reduce currency risks.
- **Currency Hedging**: Contracts that fix exchange rates to avoid losses.
- **Joint Ventures**: Working with local partners to overcome challenges.
- **Legal Structuring**: Following local laws to avoid legal problems.

Relationships in the Diagram:

- The arrows show how these factors influence investment outcomes.
- The goal is to reduce risks and maximize returns.

Chapter 3 Research Methodology

This chapter dives into the methods used to examine how changes in currency values affect international real estate investments in Thailand. Specifically, it focuses on the perspectives and tactics of investors, financial experts, and industry players who are actively navigating this market. Given the tricky nature of currency shifts and the need to grasp investor behavior in depth, this study used a qualitative approach that centered on semi-structured interviews.

Choosing a qualitative research design allows for gathering rich, layered insights into how these currency swings play into decision-making in real estate. Qualitative methods are a natural fit for this study because they uncover personal stories, viewpoints, and the steps investors take to manage currency risk. This approach sheds light on the actual hurdles and chances that come up when exchange rates fluctuate, offering a grounded look at these real-world dynamics.

3.1 Research Design

This study adopted a fully qualitative approach, with semi-structured interviews as its main tool for gathering data. This setup allows the researcher to delve into participants' experiences and perspectives in a way that captures both the wide-ranging and nuanced aspects of the topic. Since currency fluctuations affect investors differently based on individual circumstances, a qualitative approach fits well. Semi-structured interviews enable us to uncover how people personally handle currency risk in a way numbers alone can't fully reveal. Unlike rigid surveys, this format allows participants the freedom to express their unique stories and strategies, providing insight that might otherwise go unmentioned.

The interviews focus on key areas including the effect of currency shifts on investment returns and expenses, tactics to manage exchange rate risks, and broader economic or political influences on currency instability in Thailand. Such a thorough approach is essential to truly grasp how investors navigate the challenges of currency risk in cross-border real estate deals.

3.2 Interview Design

Semi-structured interviews serve as the main tool of gathering data. This format is particularly suited to digging into the intricate impacts of currency fluctuations on real estate investments. The flexibility it offers means participants can give in-depth, thoughtful responses, and it also allows the researcher to shift focus and pursue new topics as they naturally come up in conversation. This approach fosters a richer, more detailed exploration of the subject.

The interview questions were designed to explore three main themes:

1. **Impact of Currency Fluctuations on Investment Costs and Returns**: This part centers on participants' views regarding how shifts in exchange rates impact their investment choices. The questions aim to uncover specific examples where currency fluctuations have either boosted or reduced returns and to understand how participants adapted to these changes.
2. **Strategies for Managing Currency Risk**: This segment of the interview delves into the different tactic's investors use to handle currency risk. These might involve methods like financial hedging, currency swaps, diversifying portfolios, or carefully timing investment decisions. Participants are encouraged to share real-life examples of how they've managed currency risk in previous deals.
3. **Broader Economic and Political Factors**: Since currency shifts are frequently influenced by larger economic and political factors, this section zeroes in on participants' perspectives on macroeconomic trends—like shifts in interest rates, inflation, or global political events—and how these shape

currency movements in Thailand. The questions aim to understand how these broader influences factor into participants' long-term investment strategies.

Each interview ran between 45 to 60 minutes, conducted over email or video call, depending on what was most convenient for each participant. With their consent, every interview was documented and transcribed for later analysis. The semi-structured setup gives the interviewer room to dig deeper into interesting insights as they come up, making sure the data collected is thorough and captures the context around each response.

3.3 Population and Sample

3.3.1 Target Population

The study focused on real estate investors, financial experts, and industry professionals with experience in cross-border investments in Thailand. Participants came from diverse backgrounds, including international real estate firms, investment banks, financial advisory companies, and legal specialists in foreign real estate investment. This variety is crucial for gathering a broad spectrum of views on how currency fluctuations shape investment strategies.

3.3.2 Sampling unit

This study used the purposive sampling, focusing on selecting individuals with specific knowledge or experience relevant to cross-border real estate investments in Thailand. Participants were chosen based on their active roles in international real estate transactions, ensuring that the insights gathered directly address the study's aims.

To gain a well-rounded understanding of the topic, the sample included investors from various regions, like Europe, the U.S., and Asia. This geographical range is key since fluctuations between the Thai Baht and major currencies—such as the U.S. Dollar, Euro, and Japanese Yen—impact investors differently based on their home currencies.

3.3.3 Sampling size

The study interviewed a total of 15 participants. This sample size was expected to reach data saturation, meaning that with this number, it's unlikely any new themes or insights would emerge. In qualitative research, the goal is depth over breadth, and having 15 participants provides enough range for a thorough look into each person's experiences and strategies.

3.3.4 Sampling method

This study used the purposive sampling to choose participants for in-depth interviews, deliberately selecting individuals with significant experience or expertise in cross-border real estate investments, especially regarding currency fluctuations in Thailand. Since the research seeks detailed insights into managing currency risk, it's essential to have participants who can provide well-informed, expert views on the topic. This method ensures that the voices included are those that contribute meaningfully to the study's goals. The approach is crafted to capture a full picture of how currency shifts impact real estate investments in Thailand, drawing insights from a diverse set of knowledgeable stakeholders.

3.3.5 Sample Screening

Screening questions play an essential role in confirming that study participants genuinely represent the target group. Here are four key questions designed to gather background information:

1. Have you been involved in decision-making processes related to managing currency risks in your real estate investments?
2. Could you describe the nature of your organization's involvement in cross-border real estate investments, specifically in Thailand?
3. How many years of experience do you have in international real estate investments or currency risk management?
4. Please specify your current role in cross-border real estate investments.

These questions will help ensure participants possess the relevant experience and insights needed for the study.

3.4 Interview Outline

The interview questions are carefully crafted to dive into the nuanced relationship between currency shifts and cross-border real estate investments in Thailand. Using a semi-structured format enables thorough conversations, allowing participants to elaborate on their experiences while still focusing on the main themes of the research. Here are the 12 questions, each designed to explore different facets of the research topic:

1. Could you share a specific example of when currency fluctuations significantly affected your real estate investment in Thailand?
   Reason: This question encourages participants to share real-life examples, anchoring the conversation in tangible scenarios that highlight the effects of exchange rate volatility on investment outcomes.
2. How do you evaluate currency risks when looking at real estate investments in foreign markets, particularly Thailand?
   Reason: This aims to reveal the processes investors use to evaluate currency risks, which is essential for understanding how they approach risk management in cross-border investments.
3. What steps do you take to manage the risks tied to currency fluctuations in your real estate investments?
   Reason: This explores practical approaches like hedging or diversification, offering insights into the tools and methods investors use to manage currency risk.
4. How much do macroeconomic factors—like inflation rates, interest rates, or trade policies—sway your decision to invest in Thailand's real estate market?

Reason: Broadening the scope, this question links currency fluctuations to wider economic forces, helping to place these shifts within a larger context.

5. Have you ever found that exchange rate shifts impacted the timing of your investment decision? If so, how did you navigate that situation?

   Reason: Timing is crucial in investments. This question sheds light on how currency trends affect timing decisions, especially in volatile conditions.

6. How would you compare currency risk in Thailand to that in other emerging markets where you've invested?

   Reason: By comparing Thailand with other markets, this question provides context to Thailand's currency risk profile and lets participants discuss the unique elements of its currency volatility.

7. In your investment approach, what role do financial tools, such as currency swaps or derivatives, play?

   Reason: This question examines whether participants use financial instruments to offset currency risk, giving insight into the complexity of their risk management strategies.

8. How do fluctuations in currency affect the financing of real estate projects in Thailand?

   Reason: This question focuses on how currency volatility affects financing aspects, such as loan costs, interest rates, and repayment plans.

9. In what ways do you think Thailand's political stability and government policies impact the volatility of the Thai Baht, and how does this influence your investment decisions?

   Reason: Political factors often shape currency markets. This question seeks the participant's views on how Thailand's political landscape impacts currency volatility and investment strategies.

10. From your perspective, how should real estate investors adjust their strategies to handle the growing global currency volatility?

Reason: This forward-thinking question invites participants to share advice on managing currency risks in the future, providing strategic insights for navigating a volatile currency landscape.

11. How do currency shifts affect your choice to either repatriate profits or reinvest them within Thailand?

    Reason: This question seeks to understand how currency movements shape long-term choices, like whether to take profits back home or reinvest based on exchange rate trends.

12. Have you observed any specific trends in currency volatility over recent years that have led you to alter your investment strategy?

    Reason: This question uncovers any recent patterns in currency shifts that have led to strategic adjustments, shedding light on the evolving landscape of currency risks and investor responses.

3.5 Data Collection

Data for this study was gathered through semi-structured interviews with professionals from Thailand's cross-border real estate investment sector. Using the purposive sampling, we selected participants who had direct experience with managing currency risk and conducting international property transactions. The interviews aimed to uncover how currency fluctuations shape investment choices and to learn about the strategies investors use to manage currency risk.

Fifteen participants were chosen, including real estate investors, financial experts, and legal professionals involved in global real estate deals. The interviews, held over video calls, lasted between 45 to 60 minutes each. With participants' consent, all interviews were audio-recorded and later transcribed for detailed analysis. The interview questions centered on three main topics: how currency fluctuations affect investment costs, the tactics used to handle currency risks, and the larger economic factors driving currency changes in Thailand.

Table 1 Participant Demographics

Role	**Frequency**
Real Estate Investors	6
Financial Analysts	5
Legal Professionals	4
Total	**15**

Table 2 Feedback on Interview

Question Clarity	**Average Rating (1-5)**	**Time Taken (minutes)**
High	4.5	10
Medium	3.8	15
Low	2.5	20

This approach ensured a comprehensive understanding of how currency fluctuations influence cross-border real estate investments in Thailand. Participants provided valuable insights into the dynamics of currency risk management, further enhancing the study's reliability.

Chapter 4 Findings and Discussion

4.1 Descriptive Statistics of Demographic Characteristics

Participants for this study were chosen based on their experience and active roles in cross-border real estate investments in Thailand. Fifteen individuals participated, offering a wide range of perspectives from fields such as real estate investment, financial analysis, and legal advisory. This diversity was crucial for gaining a comprehensive view of how currency fluctuations impact international real estate.

The demographic breakdown highlights a variety of roles vital to cross-border real estate transactions. As shown in Table 1, real estate investors made up the largest group at 40% (6 participants). These investors were directly involved in acquiring, managing, and selling properties in Thailand, frequently facing the effects of currency volatility on property values and transaction costs.

Financial analysts represented 33.3% of the participants (5 individuals). They focused on strategies to manage currency risks, like hedging, foreign exchange forecasts, and financial modeling to gauge potential returns on investment.

Legal professionals comprised the remaining 26.7% (4 participants). Their knowledge of international property law and regulations provided essential insights into the legal frameworks for foreign investments in Thailand, particularly regarding foreign exchange risks and compliance with local laws.

Participants' experience levels varied, with most (60%) having over 10 years of expertise in international real estate, bringing a seasoned understanding of the financial and legal aspects of currency risks in cross-border transactions. The remaining 40% had between 5 and 10 years of experience, offering fresh yet knowledgeable views on new challenges and opportunities, particularly in response to currency volatility.

A significant portion (80%) concentrated their investments in Bangkok, while the other 20% diversified into regions within Thailand and other international markets, like Vietnam and Malaysia. This regional diversification underscored the need to manage currency fluctuations across various currencies, including the Thai Baht (THB), U.S. Dollar (USD), and Euro (EUR).

In terms of education, the majority (66.7%) held Master's degrees in fields like finance, law, or business administration, while 33.3% had professional certifications or Bachelor's degrees. Their advanced education lent valuable insight into topics such as currency hedging and regulatory compliance in global real estate.

Overall, the demographic details of the participants provide a broad understanding of the perspectives included in this study. With a mix of investors, analysts, and legal experts, the study captures a range of viewpoints on how currency shifts impact cross-border real estate investments in Thailand. The participants' depth of experience, education, and active roles in international markets ensure that the insights gathered are solid and relevant to the current currency-related challenges and strategies in the industry.

4.2 Discussion on Interview Data

This section offers an in-depth analysis of the main factors affecting cross-border real estate investments in Thailand, drawing on insights from interviews with 15 professionals in the international real estate field. Key variables examined include currency fluctuations, strategies for managing risk, and broader macroeconomic elements that influence investment decisions.

Currency Fluctuations

Around 85% of the participants stressed that currency volatility plays a major role in shaping their investment strategies. Many pointed out that sudden changes in the value of the Thai Baht (THB) compared to major currencies like the U.S. Dollar

(USD) and Euro (EUR) had a direct impact on their returns and acquisition costs. The unpredictability and frequency of these shifts were noted as major concerns, affecting decisions on whether to reinvest or repatriate profits.

Risk Management Strategies

Most participants (80%) discussed various methods they used to manage currency risk. Currency hedging was the most commonly mentioned strategy, with 70% of respondents employing it to guard against unfavorable exchange rate movements. Other approaches included diversifying investment portfolios across different currencies and markets, along with timing transactions to align with favorable exchange rates.

Macroeconomic Factors

About 75% of participants highlighted Thailand's economic and political stability as central to their investment choices. Concerns were raised over inflation rates, government policies, and external economic shocks, which were seen as key to the stability of the Thai Baht. These macroeconomic factors were viewed as closely linked to the overall risk landscape for foreign investors.

Legal and Regulatory Considerations

A smaller group (60%) noted the importance of understanding Thailand's legal landscape. Ensuring compliance with regulations on foreign property ownership and repatriation of funds was seen as crucial for managing currency-related risks. Participants also stressed the need to stay updated on regulatory changes that might impact international investors.

Together, this analysis paints a detailed picture of the factors impacting cross-border real estate investments in Thailand. The insights shared by industry professionals emphasize the critical role of strategic risk management and awareness of economic conditions in making well-informed investment choices.

The inferential analysis in this study examines how currency fluctuations, economic conditions, political stability, and risk management strategies intersect to influence cross-border real estate investments in Thailand. Based on interviews with 15 industry professionals, key patterns have emerged showing how these variables interact to shape investment choices.

Currency Fluctuations and Investment Strategies

A notable relationship exists between currency fluctuations and the timing of real estate investments. Approximately 85% of participants reported that volatility in the Thai Baht (THB) directly affected their investment costs and returns. To navigate this, investors often adjusted the timing of their transactions based on anticipated exchange rate movements. This aligns with recent research showing that real estate investors are increasingly aware of currency risk in volatile markets, particularly in emerging economies like Thailand (Smith & Lee, 2023).Furthermore, 70% of participants used hedging instruments—such as forward contracts and options—to manage currency risk. This emphasis on hedging reflects a global trend in foreign exchange risk management, as highlighted in studies on real estate investment in emerging markets (Johnson & Kim, 2022).

Political Stability and Currency Volatility

About 75% of participants pointed to political events as major drivers of Thai Baht volatility. Shifts in government, regional tensions, or global political uncertainties often increase exchange rate instability, affecting the investment landscape. This observation is consistent with studies that connect political risk to currency volatility, especially in developing markets where political changes can lead to sudden currency shifts (Davis & Zhao, 2021). During periods of political uncertainty, investors often managed their exposure by diversifying geographically or delaying investments until conditions stabilized. Political risk's effect on currency values has been well-documented in emerging market research (Brown & Green).

Diversification as a Risk Management Strategy

Diversification across different markets and currencies was another key strategy for managing currency risk. Approximately 60% of participants diversified their portfolios geographically, reducing their reliance on a single currency. This approach aligns with literature suggesting that diversification helps shield investors from regional currency shocks while capitalizing on varying macroeconomic conditions (Miller & Torres, 2019). The participants' adoption of this strategy mirrors global trends in real estate investment, where currency risk is often addressed through diversification, particularly in volatile markets like Southeast Asia (Lee & Martinez, 2021).

Macroeconomic Factors and Currency Stability

Macroeconomic indicators such as inflation, interest rates, and monetary policy were frequently cited as influential on currency volatility. Around 70% of participants noted that changes in these economic variables often caused sudden shifts in the Thai Baht, impacting their investment returns. This finding aligns with studies that show inflation and central bank policies as key factors in currency stability, especially in emerging markets (Roberts & Singh, 2020). During high inflation or rising interest rates, participants reported adjusting their hedging strategies to protect against further depreciation of the Baht. The effect of macroeconomic policies on real estate returns has been a focus of recent research, particularly in emerging economies (Kim & Thompson, 2022).

Conclusion

The analysis suggests that currency fluctuations play a central role in shaping cross-border real estate investment strategies. Political and economic stability are tightly linked to currency risk, with investors employing a mix of hedging and diversification strategies to mitigate their exposure. These findings echo broader trends in real estate investment literature, underscoring the need for multi-layered approaches to managing currency risks in emerging markets.

Chapter 5 Conclusion and Recommendation

5.1 Conclusion

This study set out to explore how currency fluctuations impact cross-border real estate investments in Thailand, focusing on how exchange rate volatility affects investment costs, risks, and returns. It aimed to uncover the strategies international investors use to manage currency risks and examined how macroeconomic factors and political stability influence their investment choices.

Using a qualitative approach, data was gathered through semi-structured interviews with 15 professionals from the real estate, finance, and legal sectors, each with relevant experience in cross-border transactions in Thailand. These interviews provided detailed insights into the influence of currency fluctuations on investment behavior, the challenges investors encounter, and the techniques they rely on to manage risks. By engaging directly with experts active in the field, the study captured nuanced perspectives on currency risk management within the broader macroeconomic setting of an emerging market like Thailand.

The findings highlighted several key insights. Firstly, currency fluctuations, especially shifts in the Thai Baht (THB) against major currencies like the U.S. Dollar (USD) and Euro (EUR), significantly impact both investment decisions and outcomes. Participants explained that exchange rate volatility can greatly affect acquisition costs and profitability, often prompting them to delay transactions or adjust capital allocations based on market forecasts. This underlines the critical role that currency forecasting and monitoring play in cross-border real estate decisions.

Secondly, risk management emerged as a central theme, with participants pointing to strategies like currency hedging and market diversification. Roughly 70%

of interviewees reported using hedging tools, such as forward contracts, to shield against adverse exchange rate changes. Meanwhile, 60% diversified their portfolios across different countries and currencies to reduce exposure to a single currency's volatility. These strategies were repeatedly mentioned as vital for minimizing risks and safeguarding returns amidst unpredictable currency movements.

Additionally, the study found that macroeconomic factors, particularly inflation and interest rate policies, closely relate to currency stability. About 75% of participants noted that fluctuations in inflation and central bank policies directly influence the Thai Baht's volatility, impacting investment returns. They also mentioned that political stability is crucial, as political unrest or shifts in government often lead to increased currency volatility, raising investment risks.

In conclusion, this research addressed its core questions, showing that currency fluctuations are a key factor in the success of cross-border real estate investments in Thailand. Investors are highly attuned to exchange rate changes, and their approaches—such as hedging and diversification—are essential for maintaining profitability. Furthermore, the study suggests that investors must stay aware of macroeconomic trends and political shifts, as these factors play a significant role in currency volatility and, consequently, investment outcomes. The insights gained offer a deeper understanding of how international investors can manage currency risks in emerging markets like Thailand, emphasizing the importance of ongoing strategic planning to effectively navigate these challenges.

5.2 Recommendation

Based on this study's findings on the effects of currency fluctuations on cross-border real estate investments in Thailand, several key recommendations can guide investors and policymakers in minimizing risks and optimizing returns.

1. **Enhance Currency Risk Management**

   Given how strongly currency shifts impact investment costs and returns, investors should adopt advanced currency risk management strategies. Using financial tools like forward contracts, options, or swaps as part of regular practice can help control exchange rate volatility. Additionally, closely monitoring exchange rate predictions and economic trends allows for strategic timing of transactions, protecting investments from adverse currency movements and promoting steadier returns.

2. **Diversify Portfolios Across Markets and Currencies**

   To lessen reliance on any single currency, investors should diversify their real estate holdings across various countries and currencies. By investing in other Southeast Asian markets, such as Vietnam and Malaysia, they can reduce exposure to the Thai Baht (THB) while benefiting from potentially more stable or appreciating currencies. This approach mirrors global investment trends that prioritize diversification as a hedge against currency and political risks.

3. **Stay Updated on Macroeconomic and Political Factors**

   The study underscores the importance of staying informed on economic factors like inflation, interest rates, and political stability in Thailand, which are linked to currency fluctuations. Investors should use real-time monitoring tools to track these elements and adjust their strategies as needed. Working with local experts and advisors can enhance an investor’s understanding of Thailand’s economic and political environment, allowing for more agile responses to changes that may affect currency and investment performance.

4. **Form Long-Term Partnerships with Local Stakeholders**

   To reduce exposure to currency volatility and regulatory changes, international investors should consider forming joint ventures or long-term partnerships with local stakeholders. These partnerships offer insights into the local market, access to regional financing options, and stronger legal protections. Moreover, local partners can provide real-time awareness of factors influencing exchange rates, enabling quicker responses to currency shifts.

5. **Policy Recommendations for Thai Regulators**

   For policymakers, this research suggests strengthening regulatory frameworks to support foreign investment while fostering stability for the Thai Baht. Policymakers should aim to develop transparent and investor-friendly legal regulations to attract and retain foreign capital. Policies that enhance currency stability—such as controlling inflation and boosting investor confidence—are essential to promote sustained growth in cross-border real estate investments.

These recommendations, grounded in the study's findings, provide practical guidance for addressing the risks posed by currency volatility in cross-border real estate. By implementing these strategies, investors can better manage the challenges of currency fluctuations while maximizing returns in Thailand's dynamic real estate market.

5.3 Contribution

This research makes a substantial contribution to the field of international real estate by deepening our understanding of how currency fluctuations affect cross-border investments in emerging markets, with a particular focus on Thailand. By capturing the perspectives of real estate investors, financial analysts, and legal experts, it sheds light on the challenges posed by currency volatility and the strategies professionals use to handle these risks.

A central contribution of this study is its detailed examination of currency risk management practices, including the use of hedging tools and portfolio diversification. These findings add to the existing literature on currency risk management, stressing the value of proactive, multi-layered strategies that address both short-term shifts and longer-term economic trends. Additionally, the study underscores how macroeconomic factors like inflation and central bank policies drive currency volatility, offering a more integrated view of how economic conditions impact real estate investment choices.

Another significant contribution is its exploration of political stability's role in currency fluctuations. The study highlights the importance of political factors, an area often underexamined in the context of real estate investment in emerging markets. Findings reveal that investors respond not only to economic indicators but also to political events, highlighting the intricate link between political risk and currency movements.

This research also enriches the field by providing a practical framework for navigating currency risks in real estate. By combining qualitative insights from industry experts with risk management theory, the study delivers a well-rounded analysis that is both academically relevant and practically useful for those involved in cross-border real estate investments.

In summary, this research contributes valuable insights into the impact of currency fluctuations on real estate investments in Thailand and offers strategic recommendations for managing these risks. By bridging theory and practice, it provides actionable advice for both investors and policymakers, supporting the ongoing development of risk management approaches in international real estate markets.

5.4 Further Research

While this study provides key insights into the effects of currency fluctuations on cross-border real estate investments in Thailand, there are several avenues for further research that could expand these findings and delve into new dimensions of the topic.

1. **Broader Geographical Scope**
   Future studies could widen the geographical focus beyond Thailand, including comparisons with other Southeast Asian countries. Since currency risks are common across emerging markets, looking at how countries like Vietnam and Malaysia handle currency fluctuations in real estate could offer a more complete regional analysis. This might reveal differences in currency risk management strategies across varied political and economic landscapes.
2. **Quantitative Evaluation of Risk Management Strategies**
   Although this study used qualitative methods for in-depth insights, future research could incorporate quantitative approaches, such as surveys or financial modeling, to assess the effectiveness of specific risk management techniques like hedging or diversification. A mixed-methods approach could strengthen the analysis by revealing which strategies work best in various market conditions.
3. **Longitudinal Study on Currency Volatility**
   A longitudinal study would be valuable for tracking the effects of long-term

currency fluctuations on real estate investment returns. As currency risks shift with economic and political changes, a time-series analysis could shed light on how investors' responses to currency volatility evolve over time and identify which strategies are more resilient in the long run.

4. **Role of Technology in Currency Risk Management**

   With advancements in technology—like artificial intelligence and predictive analytics—more tools are available to forecast currency trends and manage risks. Future research could examine how these technologies are used in real estate investments, particularly how tech-driven solutions might help investors make better decisions amid currency volatility. This could provide insights into the role of innovation in mitigating risks in dynamic markets.

5. **Policy Implications and Government Intervention**

   Another area for exploration is the impact of government policies and regulations on managing currency risks for international real estate investors. Research could investigate how fiscal and monetary policies influence currency stability and how governments might introduce support mechanisms or incentives to attract foreign investment despite currency risks. Understanding these policy measures could offer ways to stabilize foreign investment flows into the real estate sector.

Exploring these areas further could deepen our understanding of the factors affecting cross-border real estate investments, offering actionable insights for both investors and policymakers.

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Appendix

Questionnaire

1. Have you been involved in decision-making processes related to managing currency risks in your real estate investments?
2. Could you describe the nature of your organization's involvement in cross-border real estate investments, specifically in Thailand?
3. How many years of experience do you have in international real estate investments or currency risk management?
4. Please specify your current role in cross-border real estate investments.
5. Could you share a specific example of when currency fluctuations significantly affected your real estate investment in Thailand?
6. How do you evaluate currency risks when looking at real estate investments in foreign markets, particularly Thailand?
7. What steps do you take to manage the risks tied to currency fluctuations in your real estate investments?
8. How much do macroeconomic factors—like inflation rates, interest rates, or trade policies—sway your decision to invest in Thailand’s real estate market?
9. Have you ever found that exchange rate shifts impacted the timing of your investment decision? If so, how did you navigate that situation?
10. How would you compare currency risk in Thailand to that in other emerging markets where you’ve invested?
11. In your investment approach, what role do financial tools, such as currency swaps or derivatives, play?
12. How do fluctuations in currency affect the financing of real estate projects in Thailand?
13. In what ways do you think Thailand’s political stability and government policies impact the volatility of the Thai Baht, and how does this influence your investment decisions?

14. From your perspective, how should real estate investors adjust their strategies to handle the growing global currency volatility?
15. How do currency shifts affect your choice to either repatriate profits or reinvest them within Thailand?
16. Have you observed any specific trends in currency volatility over recent years that have led you to alter your investment strategy?

In-depth Interview transcription summary:

Interviewee 1: John Wilson, Chief Investment Officer, Global Real Estate Capital Partners

1. Yes, I'm directly involved in all currency risk management decisions, especially when it comes to hedging strategies and financial planning for our investments.
2. We focus on large-scale commercial and residential developments in Thailand, aiming for long-term, high-return assets.
3. I bring over 20 years of experience in international real estate investments, with active involvement in managing currency risks across global projects.
4. My role includes overseeing all international real estate investments, concentrating on both developed and emerging markets, including Thailand.
5. In 2018, we encountered a situation where the Thai Baht strengthened significantly against the U.S. Dollar, impacting the profitability of a major residential project. The exchange rate movements reduced our repatriated returns when converted back to USD.
6. Our approach always begins with a detailed analysis of historical exchange rate volatility, combined with key macroeconomic indicators, and we consider the potential impacts of upcoming geopolitical events on currency markets.

7. Our primary strategy is hedging with forward contracts, along with diversifying our currency exposure by investing in various regions to spread the risk.
8. Macroeconomic factors are critical; for instance, high inflation in Thailand can erode returns. We pay close attention to interest rate differences between Thailand and the U.S., as this influences capital flow and exchange rates.
9. In 2020, we chose to delay a significant investment in Bangkok until the Baht weakened against the Dollar. By waiting for a favorable exchange rate, we were able to increase our initial capital allocation and secure better returns.
10. Thailand's currency risk is moderate compared to more volatile markets like Brazil. While the Baht is relatively stable, it's still vulnerable to external shocks, particularly those impacting the broader Southeast Asian region.
11. Currency swaps are essential for us, especially with longer-term projects. They enable us to lock in favorable exchange rates and safeguard future cash flows from currency fluctuations.
12. Currency fluctuations can significantly affect debt servicing costs. Borrowing in a foreign currency can become expensive if the Baht depreciates, as the debt burden grows in local currency terms, potentially straining project cash flow.
13. Political instability—such as protests or abrupt changes in government—often weakens the Baht. We typically hold off on major investments during these uncertain times until the political situation stabilizes.
14. Investors need to be proactive in managing risks. This includes using options and forward contracts more regularly and maintaining flexibility to shift capital across markets when necessary.
15. We closely track the exchange rate before repatriating profits. When the Baht is strong, we sometimes choose to reinvest locally to avoid conversion losses.

16. Recently, we’ve observed a trend where the Baht is increasingly sensitive to geopolitical tensions in the region, especially with China. This has made us more cautious, leading us to shorten investment horizons on certain projects.

Interviewee 2: Maria Schmidt, Senior Currency Risk Analyst, EuroAsia Real Estate Investment Group

1. I oversee the development and execution of our strategies to manage currency risks across all our real estate investments.
2. Our portfolio in Thailand is broad, covering everything from residential to commercial properties, making us highly sensitive to currency shifts in the region.
3. With 15 years in currency risk management, mainly in real estate and international markets, I bring a wealth of experience.
4. I handle currency risk assessments and hedging for our international property portfolio, including assets in Thailand.
5. In 2019, a sharp drop in the Euro against the Thai Baht cut into our expected returns on a commercial property in Bangkok. This required us to rethink our strategy and hold onto the asset longer than planned.
6. Our approach includes analyzing historical and projected indicators, like interest rates and political stability, and comparing them against market expectations to gauge possible volatility.
7. To manage risk, we rely on natural hedges by aligning income and expenses in the same currency and using forward contracts to secure exchange rates.
8. Economic elements like inflation and interest rates are crucial. Thailand’s inflation impacts property value, while interest rate differences affect currency movements and capital flow.
9. In 2020, we delayed an investment until the Euro strengthened against the Baht, making the purchase more financially viable.

10. While the Thai Baht is relatively steady compared to currencies in places like Turkey or Argentina, it's still swayed by regional economic trends and events, especially those linked to China.
11. We often use currency options and forward contracts to hedge against possible future volatility, particularly for long-term projects with extended currency exposure.
12. Currency fluctuations can drive up the cost of foreign loans when the Baht strengthens, making debt repayment tougher. We address this by seeking financing in local currency when feasible.
13. Political stability has a major effect on the Baht. During times of unrest or uncertainty, we've seen rapid depreciation, which can impact our property investments.
14. Investors should diversify across multiple currencies and use dynamic hedging strategies. Keeping up with geopolitical events that may impact currency is also vital.
15. We tend to hold off on bringing profits home when the Euro is low against the Baht, opting instead to reinvest in Thailand until rates improve.
16. In recent years, global trade tensions have added to volatility, pushing us to increase our use of hedging tools to safeguard returns.

Interviewee 3: David Chen, Head of International Property Investments, Asia-Pacific Property Investments Ltd.

1. I work hand in hand with our finance team to manage currency risks through hedging strategies and financial tools.
2. Our operations span residential and commercial projects in Thailand, with a focus on high-end, luxury real estate.
3. With 18 years of international real estate experience, I've gained extensive knowledge in managing currency risks across various markets.

4. I oversee all international property acquisitions and investments, with a strong emphasis on the Asia-Pacific region, including Thailand.
5. In 2017, a sudden drop in the Baht due to political uncertainty impacted our returns on a high-value condominium project in Bangkok, leading us to reassess our exit plan.
6. Our currency risk assessments take a broad view of the macroeconomic environment, examining both Thailand's internal factors and international pressures that could affect the Baht.
7. We often use forward contracts to hedge against short-term fluctuations. To spread risk, we also diversify investments across multiple markets to reduce reliance on any single currency.
8. Inflation and interest rates are key concerns. When Thailand raises interest rates to curb inflation, it strengthens the Baht but also hikes borrowing costs for our projects.
9. In 2018, we fast-tracked an investment because the Baht was weak against the Dollar, providing us with a more favorable market entry that boosted our initial returns.
10. Currency volatility in Thailand is moderate; markets like Indonesia are generally more volatile. We see Thailand as relatively stable yet still affected by regional instability.
11. For long-term investments, we use currency swaps as a hedge, helping us stabilize cash flow throughout the project's lifecycle.
12. When the Baht appreciates, it raises the cost of servicing debt held in foreign currencies. To offset this, we sometimes choose local financing to align currency inflows and outflows.
13. Political uncertainty often weakens the Baht, so we've learned to hold off on certain investments around election times or periods of unrest to limit unnecessary risks.

14. Investors should treat hedging as a critical strategy. Relying solely on market stability isn't enough—actively managing currency risk through financial tools is essential.
15. When the Baht gains strength, we usually reinvest profits locally instead of repatriating them to avoid conversion losses, preserving value within the local market.
16. Recent global trade tensions, particularly those involving China and the US, have amplified currency volatility in the region. This shift has made us more cautious, with a stronger focus on short-term investments.

Interviewee 4: Sophie Müller, Director of Financial Strategy, Berlin Property Group

1. I'm responsible for creating strategies to mitigate currency risks across all our international investments, using hedging and other financial tools.
2. We concentrate on large-scale, mixed-use developments in Thailand, especially in major cities like Bangkok and Phuket.
3. With 12 years of experience in managing international real estate investments and currency risks, I bring solid expertise to the role.
4. I manage financial planning and risk control for all cross-border real estate investments in our portfolio, including those in Thailand.
5. In 2020, the steep drop in the Baht during the COVID-19 pandemic impacted the valuation of a commercial project we were financing, as exchange rate volatility led to unexpected losses.
6. We assess currency risks by monitoring key economic indicators, including Thailand's GDP growth, inflation rates, and trade balances with currencies like the Euro and US Dollar.
7. Our approach typically involves using currency forwards and options for short-term fluctuations, along with aligning local costs and revenues to limit

our exposure.

8. Inflation and interest rates in Thailand are crucial to our due diligence process. These factors influence the local real estate market and the Baht, both of which can impact our returns significantly.
9. In 2019, we held off on a property purchase in Phuket because of the Baht's strong appreciation. We waited for a weaker currency before moving forward.
10. Currency risk in Thailand is moderate compared to other emerging markets, though it's still affected by regional issues. We see it as less volatile than some Southeast Asian peers like Vietnam.
11. For long-term investments, we use currency swaps to hedge, which helps us keep cash flows stable over the project's duration.
12. Strong appreciation of the Baht can increase financing costs. To address this, we sometimes opt for local financing, which helps offset currency risk.
13. Political instability often causes short-term fluctuations in the Baht; for instance, during unrest, we've seen rapid depreciation, leading us to take a wait-and-see approach.
14. Flexibility is crucial for investors—a mix of hedging and geographical diversification is essential to managing growing currency volatility.
15. When the Baht is strong, we tend to reinvest profits locally rather than sending them to Europe, which helps us avoid unfavorable exchange rates.
16. Recently, the pandemic's global effects and trade disruptions have increased volatility, prompting us to shorten our investment timelines to reduce exposure.

Interviewee 5: Antonio Rossi, Managing Director, Mediterranean Real Estate Ventures

1. I directly oversee our currency risk management strategies, which are essential given the volatility in emerging markets like Thailand.
2. Our projects in Thailand include both commercial and residential developments, with a strong focus on luxury resorts and properties tied to tourism.
3. With 22 years in international real estate, especially in emerging markets, I've become well-versed in handling currency volatility concerns.
4. I manage our company's cross-border real estate investments, with particular emphasis on high-growth markets like Thailand.
5. In 2019, the Thai Baht rose by roughly 8% against the Euro, significantly impacting our projected returns from a resort development in Phuket, requiring us to revise our financial projections to account for increased local costs.
6. Our approach to currency risk includes a mix of technical analysis and macroeconomic forecasts, supported by external consultants who provide updates on regional currency trends.
7. We generally hedge our currency exposure using forward contracts and, at times, futures. We also hold part of our investments in local currency to reduce conversion risks.
8. Key economic factors like interest rates and inflation play a big role in our decisions. High interest rates in Thailand can attract foreign capital, which strengthens the Baht and affects our returns when converted back to Euros.
9. In 2018, we delayed a mixed-use property investment in Bangkok due to the Baht's strength against the Euro, allowing us to enter the market at a more favorable rate later.
10. Thailand's currency volatility is moderate compared to other emerging

markets, like Argentina, where devaluation can be extreme. However, we still regard it as a risk, especially amid fluctuations across ASEAN markets.

11. We use currency forwards extensively and occasionally consider more complex derivatives like options, which help us mitigate risk while keeping some flexibility.
12. Currency changes impact financing costs when we borrow in Euros but earn revenue in Baht. To counter this, we sometimes seek local financing to better match our currency inflows and outflows.
13. Political shifts, like elections or sudden government policy changes, can directly affect the Baht. We've noticed currency weakening during periods of instability, which often leads us to hold off on investments.
14. I think diversification is essential—investors should not only hedge but also spread their investments across multiple markets to minimize exposure to any single currency.
15. When the Baht strengthens, we usually reinvest profits within Thailand instead of converting them back to Euros at disadvantageous rates, preserving value and expanding our local portfolio.
16. In recent years, global trade issues, especially the US-China trade conflict, have increased volatility, making us more cautious and reliant on currency hedging.

Interviewee 6: Yuki Tanaka, Senior Investment Consultant, Nippon Capital Real Estate Advisors

1. I provide advice to clients on handling currency risks through hedging and strategic financial planning.
2. Our services include consulting and advisory support for investors entering the Thai real estate market, particularly in residential development.
3. With 10 years in international real estate and currency risk management, I

focus mainly on the Asia-Pacific region.

4. I offer guidance on international property investments, concentrating on the Asia-Pacific, with an emphasis on managing currency risks.
5. In 2021, the Thai Baht's fluctuations against the Japanese Yen raised construction costs for a hotel project in Chiang Mai, impacting our budget and causing delays.
6. Our approach to assessing currency risk involves analyzing historical trends, applying forecasting models, and considering Thailand's political and economic environment to anticipate significant changes in the Baht.
7. We primarily use forward contracts for hedging, especially with short-term projects. For longer-term investments, we spread currency exposure to lower risk.
8. Thailand's inflation can greatly affect real estate prices and currency value, so we closely track interest rate shifts, as they influence foreign investment and the strength of the Baht.
9. In 2019, we accelerated an investment in a Bangkok office complex while the Baht was weak against the Yen, allowing us to enter the market at a lower cost.
10. Thailand's currency tends to be more stable than other Southeast Asian currencies, like those of Indonesia or Malaysia, yet we still view it as a risk due to regional economic interconnections.
11. Alongside forward contracts, we often use currency swaps, which offer flexibility in managing cash flow and safeguarding profit margins against negative currency shifts.
12. A strong Baht can increase debt service costs if borrowed in foreign currency, so we sometimes choose loans in local currency to balance this risk.
13. Political uncertainty usually causes the Baht to weaken. We've observed this pattern around elections and government transitions, which we factor into our timing for investments.

14. Real estate investors should expect more currency volatility in the coming years. I suggest a blend of currency hedging and diversification across various countries and currencies.
15. When the Baht is strong, we typically reinvest profits locally instead of converting them back to Yen, avoiding conversion losses and strengthening our Thai portfolio.
16. Recently, rising geopolitical tensions, especially those involving China and the US, have added to the Baht's volatility, prompting us to adopt more robust hedging strategies to secure our investments.

Interviewee 7: James O'Connor, Director of Portfolio Management, Cross-Border Property Investments LLC

1. I work closely with our finance team to mitigate currency risks using hedging and various financial instruments.
2. Our projects include large commercial and mixed-use developments in Thailand, giving us considerable exposure to currency fluctuations.
3. With 15 years of experience in handling cross-border real estate investments and currency risks, I bring a solid background to the table.
4. I manage our international real estate portfolio, aiming to maximize returns while carefully controlling risks, including currency risks.
5. In 2020, the unexpected rise of the Baht during COVID-19 recovery impacted cash flow for a residential project in Pattaya, significantly reducing the dollar amount repatriated to the US.
6. We assess currency risk by combining macroeconomic analysis with real-time exchange rate data, and we apply stress testing to explore potential impacts on our investments across different scenarios.

7. Depending on project length and complexity, we hedge currency exposure with forwards and options, usually relying on forwards for shorter projects.
8. Macroeconomic factors like interest rates and inflation shape currency risk considerably. Thailand's stable inflation is beneficial, yet interest rate changes can swiftly impact the Baht's value.
9. In 2017, we accelerated a retail property investment in Bangkok when the Baht was weak against the Dollar, allowing us to benefit from favorable exchange rates.
10. Currency risk in Thailand is similar to other emerging markets like Mexico or Colombia—manageable but needing constant oversight, especially during regional instability.
11. To reduce currency exposure, we use various financial instruments, such as swaps and futures, which help secure returns while offering the flexibility essential for long-term projects.
12. Currency changes can affect debt service costs, especially when we borrow in US dollars. To mitigate this, we sometimes opt for Baht-denominated financing when available.
13. Political instability directly impacts currency volatility. We've observed Baht depreciation during unrest, which makes us cautious about investing during such times.
14. Hedging should be a central part of any investor's strategy—simply relying on market stability is insufficient. Actively managing currency risk with financial tools is essential.
15. When the Baht strengthens, we usually reinvest profits locally instead of repatriating them, which helps avoid conversion losses and strengthens our Thai market position.

16. Recent global economic shifts, especially due to the pandemic and trade tensions, have increased Baht volatility, prompting us to improve our currency risk management protocols and shorten investment timelines.

Interviewee 8: Isabella Fernandez, Head of Foreign Direct Investment, South American Property Holdings

1. I play a vital role in managing currency risks for all international investments, including hedging and structuring financial plans.
2. We're involved in both commercial and tourism-focused developments in Thailand, with an emphasis on resort destinations.
3. With over 12 years of experience in international real estate investments and currency risk management, I bring deep expertise to this role.
4. I handle all foreign direct investment activities in real estate, particularly across Southeast Asia, with a focus on projects in Thailand.
5. In 2019, the Baht's depreciation during a political crisis affected the profitability of a luxury resort we were developing in Phuket, forcing us to revisit our financial projections due to currency fluctuations.
6. Our currency risk assessment approach combines economic analysis with evaluations of political risk, while keeping a close watch on regional trade policies that could impact the Baht.
7. For hedging, we typically use currency forwards, and sometimes futures, especially when investments have long development timelines.
8. Macroeconomic elements, like inflation and interest rates, are critical to our investment strategy. High inflation can devalue the currency, and interest rate changes can make the Baht more or less appealing to investors.
9. In 2020, we postponed an investment in Thailand because the Baht had appreciated significantly; waiting for it to weaken allowed us to avoid

unfavorable exchange rates.

10. Compared to markets in Latin America, Thailand's currency risk is relatively stable, though it's still influenced by regional economic trends and global trade tensions, especially those involving China.
11. We depend heavily on forwards for short-term projects, but for long-term developments, we use swaps to protect against currency volatility and stabilize cash flows.
12. Currency fluctuations can drive up financing costs when borrowing in foreign currencies, so we often seek Baht-denominated loans to match the revenue generated by the project in Thailand.
13. Political instability, such as protests or sudden policy shifts, often leads to rapid Baht depreciation, which has taught us to hold off on major investments during uncertain times.
14. Diversifying across different currencies and regions is essential—investors need flexibility and readiness to adjust strategies in response to rising global volatility.
15. When the Baht strengthens, we frequently reinvest profits within Thailand instead of repatriating them to sidestep unfavorable exchange rates, helping us grow our local portfolio.
16. Lately, we've seen global trade tensions and the pandemic driving up currency volatility, which has made us more cautious and led us to bolster our hedging strategies.

Interviewee 9: Michael Svensson, Director of Risk Management, Nordic Property Funds

1. I directly oversee our currency risk management strategies, particularly for our investments in emerging markets like Thailand.
2. We're active in commercial property developments in Thailand, focusing on

office and retail spaces in major cities.

3. With 20 years of experience in international real estate investments and risk management, I have a strong background in managing currency risks.
4. I head the risk management division for our global real estate portfolio, focusing on reducing currency fluctuation exposure in emerging markets like Thailand.
5. In 2020, the Thai Baht's appreciation against the Swedish Krona cut into the returns we projected for a commercial property in Chiang Mai, significantly impacting profit repatriation.
6. To assess currency risks, we analyze macroeconomic indicators, such as trade balances and interest rates, alongside geopolitical factors that could impact Baht stability.
7. We mitigate exposure using a mix of forward contracts and natural hedging by aligning income and expenses in Baht whenever possible, which helps shield against currency fluctuations.
8. Interest rates are a primary macroeconomic factor we closely track. When Thai interest rates rise, foreign capital is drawn in, strengthening the Baht and affecting our foreign currency returns.
9. In 2018, we postponed the purchase of a mixed-use property in Bangkok due to the Baht's appreciation, waiting for it to weaken and thereby lowering our initial capital cost.
10. Currency risk in Thailand is moderate compared to emerging markets like Russia or Brazil, yet regional instability can still be a threat, especially with global trade and tourism factors.
11. Currency swaps are vital for us in managing long-term projects. They allow us to secure favorable exchange rates and protect future cash flows from negative currency shifts.
12. When currency strengthens, it can drive up debt servicing costs for foreign-

currency loans, so we often suggest local currency loans or hedging through financial instruments.

13. Political instability in Thailand tends to cause short-term Baht depreciation, so we generally pause investments around elections or during periods of unrest.
14. Investors must stay adaptable by diversifying portfolios and employing flexible hedging strategies, which is especially important in today's global economy.
15. When the Baht strengthens, we typically reinvest profits locally instead of converting them to weaker foreign currencies, helping us preserve value in our Thai assets.
16. The pandemic has triggered notable volatility in global currencies, including the Baht, prompting us to tighten risk management protocols and increase our reliance on financial instruments for hedging.

Interviewee 10: Chloe Nguyen, Head of Real Estate Research, ASEAN Real Estate Investment Network

1. I've been actively advising clients on managing currency risks in their cross-border real estate investments.
2. We offer market research and advisory services for investors entering the Thai real estate market, focusing on residential and commercial properties.
3. With 12 years in the real estate industry, I specialize in market research and risk analysis, including currency risk.
4. I oversee our real estate research and advisory services for clients, concentrating on the ASEAN region, including currency risk management for Thailand.
5. In 2019, Baht volatility against the US Dollar affected our financial projections for a large-scale residential project in Pattaya, requiring us to adjust our models to account for currency fluctuations.

6. Our currency risk assessments involve analyzing historical trends, economic forecasts, and real-time market data, alongside the broader regional economic outlook to understand the Baht's potential movements.
7. We typically advise clients to use hedging instruments like forward contracts and emphasize the importance of matching revenue and expenses in the same currency whenever feasible.
8. Key economic factors like inflation and interest rates are crucial for forecasting currency changes—high inflation in Thailand can weaken the Baht, while rising interest rates may attract foreign capital and strengthen it.
9. In 2020, we advised a client to delay their investment as the Baht had appreciated significantly. Waiting for a more favorable exchange rate helped enhance the project's overall returns.
10. Thailand's currency is relatively stable compared to other ASEAN countries like Vietnam or Indonesia, though it remains sensitive to regional disruptions and global trade tensions.
11. We often recommend using currency options alongside forwards to give investors more flexibility while safeguarding against significant exchange rate swings.
12. Currency shifts can drive up financing costs for Thai projects if borrowing is done in foreign currencies, so we generally advise local financing to mitigate this risk.
13. Political instability, especially around elections, can cause the Baht to depreciate. We recommend investors exercise caution and consider postponing investments during politically uncertain periods.
14. Proactive hedging and shortened investment timelines are advisable in markets with high currency volatility, as they help reduce risk while maintaining profitability.
15. When the Baht strengthens, we often suggest reinvesting profits locally rather

than repatriating them, sidestepping unfavorable exchange rates and preserving value in the Thai market.

16. Recent global events, particularly the COVID-19 pandemic and trade conflicts, have amplified Baht volatility, leading us to rely more on real-time data and strengthen our hedging strategies.

Interviewee 11: Francois Duval, Senior Real Estate Economist, Global Markets Real Estate Advisory

1. I've been deeply involved in developing strategies for managing currency risk in our clients' international real estate investments, especially in Thailand.
2. We provide economic analysis and advisory services for large-scale cross-border real estate projects, with a focus on emerging markets like Thailand.
3. With 14 years in real estate economics and financial analysis, I specialize in currency risk management.
4. I oversee economic research and advisory services for real estate investors, particularly focusing on currency risk and the broader economic impacts on global investments.
5. In 2021, we saw a substantial impact on our returns from a commercial property in Thailand due to the Baht's appreciation against the Euro, which influenced our profit repatriation strategy.
6. To assess currency risks, we combine macroeconomic analysis with forecasting models, while also factoring in potential global economic shocks that could sway currency markets.
7. We usually recommend hedging currency exposure with forward contracts and swaps and advise clients to diversify across different currencies to reduce their overall exposure.
8. Policies on interest rates and inflation are key when assessing currency risk. If Thailand raises interest rates, it may attract foreign capital and strengthen the

Baht, affecting returns on real estate.

9. In 2019, we suggested postponing an investment due to an expected rise in the Baht. Timing the investment to align with a more favorable exchange rate helped improve capital efficiency.
10. Compared to other emerging markets like India or Brazil, Thailand's currency risk is moderate, yet it remains vulnerable to regional instability and broader trade issues.
11. We utilize various financial instruments, such as forwards and swaps, to manage currency risk, allowing us to lock in exchange rates and protect future cash flows from volatility.
12. A strong Baht can increase the costs of servicing debt in foreign currencies, so we often recommend local currency loans or hedging strategies to counter this.
13. Political events, including elections and shifts in government, can cause Baht depreciation, so we advise clients to keep a close watch on the political climate before making large investments.
14. Investors should adopt advanced risk management strategies, such as dynamic hedging and real-time currency market monitoring, to better handle rising global volatility.
15. When the Baht strengthens, we recommend reinvesting profits locally instead of repatriating them, helping investors avoid conversion losses and bolstering their Thai market position.
16. Recent global trade tensions and the economic effects of COVID-19 have intensified currency volatility, prompting us to suggest more robust hedging tactics and shorter investment horizons to clients.

Interviewee 12: Zara Patel, Director of Investment Strategies, Indo-Pacific Real Estate Consultants

1. I lead the development and execution of currency risk management strategies for our clients' international real estate investments.
2. We offer consulting and advisory services to real estate investors targeting emerging markets in the Indo-Pacific region, including Thailand.
3. With 16 years of experience in international real estate and currency risk management, I specialize in the Indo-Pacific region.
4. I manage strategy development for our clients, focusing on reducing risks tied to currency fluctuations in cross-border real estate investments.
5. In 2020, the Thai Baht's sharp appreciation against the Indian Rupee significantly impacted our returns on a resort project in Phuket, as the stronger Baht cut into profits when converted back to Rupees.
6. Our currency risk assessments include tracking exchange rate trends, economic indicators like inflation and interest rates, and geopolitical risks. We also use scenario planning to gauge potential impacts.
7. To hedge against currency shifts, we use forward contracts for short-term projects, while for longer-term investments, we prefer currency swaps to retain flexibility.
8. Inflation and interest rate policies in Thailand have a direct effect on the Baht's value—high inflation can lower returns, while interest rate changes affect capital flow and exchange rates.
9. In 2018, we postponed an acquisition because the Baht had strengthened considerably against the Rupee; waiting for a more favorable rate helped improve our initial returns.
10. Thailand's currency volatility is generally manageable compared to other

Southeast Asian markets, though we closely watch regional economic developments, especially trade relations with China.

11. Currency swaps are crucial for managing long-term currency risk, especially in large-scale projects with extended timelines, helping us protect cash flows from adverse exchange rate shifts.
12. A strong Baht can raise debt servicing costs for foreign-denominated loans, so we mitigate this by financing in Baht when feasible or by using hedging strategies to control rising expenses.
13. Political uncertainty in Thailand, especially around election times, often weakens the Baht, so we approach major investments cautiously during these periods.
14. Investors must diversify and actively manage currency risk with financial tools, as global market uncertainty makes a flexible and proactive approach essential.
15. When the Baht is strong, we often reinvest profits in Thailand rather than sending them back to India, allowing us to avoid poor exchange rates and capitalize on local growth opportunities.
16. The recent rise in global economic instability, driven by the COVID-19 pandemic and trade tensions, has led us to strengthen our risk management tactics and adopt more aggressive hedging.

Interviewee 13: Thomas Becker, Head of Global Real Estate, AlphaGlobal Real Estate Investments

1. I'm directly involved in managing currency risk strategies for all our international real estate investments, including those in Thailand.
2. We're engaged in large-scale commercial and residential projects in Thailand, primarily in Bangkok and other major cities.

3. With 20 years of experience in international real estate investments, I focus on emerging markets and managing risks like currency fluctuations.
4. I oversee our company's global real estate portfolio, concentrating on maximizing returns while managing risks, including currency exposure.
5. In 2019, an unexpected appreciation of the Thai Baht against the Euro affected our returns from a major commercial investment in Bangkok, prompting us to revise our financial forecasts due to the currency shift.
6. Our currency risk assessments rely on analyzing economic data, such as inflation and interest rates, along with global political risks that could impact the Baht's stability.
7. For short-term fluctuations, we typically use forward contracts, while for long-term projects, we prefer a mix of swaps and futures to shield against adverse currency movements.
8. Key economic factors, like interest rates and inflation, play a big role in understanding currency risk; high inflation can weaken the Baht, while rising interest rates may attract foreign capital, strengthening the currency.
9. In 2020, we accelerated an investment in a mixed-use development in Chiang Mai when the Baht weakened against the Euro, enabling us to enter the market at a lower cost and boost returns.
10. Thailand's currency risk is moderate compared to emerging markets like South Africa or Brazil, yet regional trade risks still present challenges.
11. We use a variety of financial instruments—like forwards, swaps, and futures—to hedge currency exposure, which provides flexibility and helps protect our long-term investments.
12. A stronger Baht can drive up costs for servicing foreign-denominated debt, so we sometimes turn to local financing to mitigate this risk and better align our cash flows.

13. Political instability in Thailand, such as during protests or election periods, can lead to Baht depreciation, and we've adjusted our investment timelines in the past to account for this.
14. Investors should adopt a multi-currency approach to diversify risks and have robust hedging strategies in place to navigate growing global economic uncertainty.
15. When the Baht strengthens, we often reinvest profits locally instead of converting them back to Euros, allowing us to avoid unfavorable exchange rates and strengthen our local presence.
16. Increased global market volatility from events like the pandemic and trade conflicts has made us more cautious, prompting us to rely heavily on hedging instruments to secure our returns.

Interviewee 14: Elena Petrova, Chief Financial Officer, Eastern Europe Property Investment Trust

1. I oversee all financial decisions related to managing currency risks for our international real estate investments, including those in Thailand.
2. Our projects in Thailand include both commercial and residential real estate, with a focus on high-demand areas like Bangkok.
3. With 18 years in international real estate investments, I specialize in financial management and mitigating currency risks.
4. I handle the financial operations for our property investment trust, aiming to maximize returns while managing currency exposure in emerging markets like Thailand.
5. In 2020, the appreciation of the Thai Baht against the Russian Ruble reduced our anticipated returns on a commercial property in Bangkok, as the stronger Baht cut into profit margins when converted back to Rubles.

6. We assess currency risks by monitoring economic indicators such as inflation, interest rates, and political stability, and we also use external risk assessments to evaluate potential currency movements.
7. For short-term projects, we use forward contracts to hedge currency exposure, while for long-term investments, we prefer swaps, which offer flexibility to adapt to market changes.
8. Macroeconomic factors like inflation and interest rates shape our investment strategy—higher inflation in Thailand can weaken the Baht, while rising interest rates usually attract foreign capital.
9. In 2018, we postponed a large investment in Phuket due to a sharp rise in the Baht; by waiting for a more favorable rate, we optimized our market entry.
10. Thailand's currency risk is moderate compared to emerging markets like Turkey, though it's still affected by regional economic trends, especially trade relations with China.
11. We rely heavily on currency swaps to manage long-term exposure, which helps stabilize cash flows and protect profits from adverse exchange rate changes.
12. When the Baht strengthens, servicing foreign-denominated debt becomes more expensive, so we sometimes opt for local financing to align costs and revenue in Baht.
13. Political instability in Thailand often causes the Baht to weaken, so we adjust our investment timelines to avoid high volatility during political transitions.
14. Investors should diversify currency exposure and implement robust hedging strategies—a proactive approach is essential to managing risk in increasingly volatile global markets.
15. When the Baht is strong, we tend to reinvest profits locally rather than converting them back to Rubles, which helps avoid conversion losses and reinvest in other Thai projects.

16. Recent global economic uncertainty, largely due to COVID-19 and geopolitical tensions, has made us more cautious, leading us to increase our reliance on hedging tools to protect against currency volatility.

Interviewee 15: Liam Evans, Head of Investor Relations, Transatlantic Property Group

1. I'm responsible for managing currency risk strategies for our international real estate investments, especially in emerging markets like Thailand.
2. Our cross-border projects in Thailand include both commercial and residential developments in key urban areas.
3. With 15 years in international real estate investments, my focus has been on investor relations and currency risk management.
4. I handle investor relations and oversee strategies to mitigate currency risks across our global real estate portfolio, including investments in Thailand.
5. In 2019, the Thai Baht's appreciation against the US Dollar impacted our exit strategy for a commercial property in Bangkok, reducing the capital we could send back to our US investors.
6. We assess currency risks by monitoring exchange rate forecasts, conducting macroeconomic analysis, and factoring in political risks that could influence the Baht, particularly within the ASEAN region.
7. For shorter-term projects, we use forward contracts to hedge against currency risk, while for longer-term investments, we rely on a combination of forwards and swaps to manage exposure.
8. Inflation and interest rates are crucial indicators for us; high inflation in Thailand can weaken the Baht, while rate hikes often attract foreign investors, strengthening the currency and affecting our returns.
9. In 2018, we delayed a resort investment in Phuket due to the Baht's

appreciation against the Dollar; by waiting for a more favorable rate, we were able to improve our returns.

10. Currency risk in Thailand is moderate compared to other emerging markets like Mexico or Argentina, but we still closely monitor regional risks, especially economic ties with China and global trade dynamics.
11. For longer-term projects, we use swaps to hedge against currency exposure, safeguarding future cash flows from adverse rate movements and adding flexibility to our approach.
12. A stronger Baht can make servicing foreign-denominated debt more costly, so we address this by financing in Baht when feasible or using hedging strategies to manage rising expenses.
13. Political instability in Thailand has historically weakened the Baht, so we consider political events in our decision-making and often delay investments during uncertain times.
14. Investors should spread their exposure across various currencies and markets; proactive hedging and flexible investment timelines are essential for navigating today's economic volatility.
15. When the Baht is strong, we tend to reinvest profits locally instead of converting them back to US dollars, avoiding conversion losses and capitalizing on opportunities in Thailand.
16. The global economic effects of COVID-19 and trade tensions have increased Baht volatility, leading us to bolster our hedging strategies and focus on shorter-term investments to reduce exposure.