

Thailand Condominium Ownership

Condominium Ownership by a Foreigner

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Condominium Ownership by a Foreigner

Overview of condo ownership in Thailand

SIAM REAL ESTATE

THAILAND PROPERTY

Thailand Property

Freehold or Leasehold?

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Let's look at an example of a 100-unit project, all the units being the exact same size. With 100 units for sale, all identical sized, only 49 of the total units in a project can be owned outright by non-Thai nationals.

The ownership titles of these 49 units is referred to as Foreign Freehold or Foreign Quota.

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If 49% of the condominium units have been sold to foreigners then this leaves the remaining 51 units in the

project to be sold. The freehold rights to these units are reserved for Thai nationals and is commonly referred to as the Thai Quota.

The Thai Quota can exceed over 51% of the total ownership of the buildings saleable area, however according to the Condominium Act Foreign Quota ownership cannot exceed 49%, or in this example 49 units in a 100-unit building.

Most condominiums have various sized units, such as studios, one bedroom and two bedrooms, therefore the Foreign Quota in a building wouldn't always be exactly 49% of the units in the condo, but 49% of the saleable area of the condominium.

The Foreign Freehold is usually the preferred structure for purchase of a condominium apartment however there are some good options available such as protected leasehold ownership.

Leasehold Ownership

At some of the popular holiday destinations markets frequented by foreigners looking to invest in [Thailand property](#) it is common for all Foreign Quota ownership to be filled (49%). Because of this high demand from non-Thai nationals in these markets the developer might offer units outside of the Foreign Quota on a Leasehold sale.

Under Thai law a 30-year lease period is legally protected and ownership cannot be disrupted. A protected 30-30-30 lease is common for developers to offer. This option offers two additional terms of 30 contractually resulting in a total of 90 years.

These leasehold properties need to be examined on a case-by-case basis looking into the security of the purchase. It is important to receive a copy of the lease agreement prior to purchasing a leasehold property and have further clarity on these three points.

#1 - Who is the lessor? Is it an individual or a Thai Company? Securing a lease from a Thai Company offers much more security than a private individual.

#2 - Do I have voting rights as a Lessee? Some lease contracts do not allow lessee to have voting rights in the property maintenance and management even though you will be paying CAM or common area maintenance.

#3 - Is there a succession clause in the lease agreement that will allow inheritance of the lease?

Your Siam Real Estate sales consultant will help you find the answers of these three questions to ensure your long-term protection of leased property.

Condominium Ownership – Resale / Secondary Market

Secondary market condo ownership - How do I know if Foreign Quota is available?

A condominium project has what is called a Juristic Person or team. A Juristic Person can be an individual or a group of people, for example a management company. This person or team facilitates in monitoring the the overall Thai and foreign ownership quotas in a building or project. One of their jobs is to make sure the foreign ownership does not go above 49%.

In a resale situation, titles are exchanged from owner to owner depending on the nationality of the buyer and seller. For example, if a Thai national purchased a property held in the Foreign Quota, then after the sale is completed, the property is now considered Thai Quota. The original Foreign Quota on the sale unit is recorded with the Juristic Person then it becomes available to future buyers.

When considering a resale condominium purchase ask these questions:

#1 - What is the current ownership of the unit? Freehold, Leasehold or Thai Quota?

#2 - If the property is held in the Thai Quota or Leasehold is there any Foreign Quota available?

#3 - If the Foreign Quota is full, then ask your real estate consultant what options exists for you to secure ownership of this unit.

Condominium Ownership - Off-Plan

Purchasing from a Developer, these are the questions to ask.

In holiday markets, like Phuket or Samui, the property sales are largely driven by international buyers. This means that the Foreign Quota is in high demand.

When purchasing an off-plan condo from a developer in these types of markets it is common for the Foreign Quota (49%) to be obtained by international buyers buying early in the off-plan stage of development. Developers generally will charge a premium for the Foreign Quota titles that can range from 250,000 to 500,000 THB.

Because there is high demand from non-Thai nationals in these markets the developer can offer the rights to units outside of the Foreign Quota on a Leasehold basis.

In markets such as Bangkok, Pattaya, or Chiang Mai the Foreign Quota remains largely intact with majority of the buyers being Thai nationals. It is important to ask three questions when purchasing a condo, regardless of what market you may be interested in.

#1 - Has the Foreign Quota been filled?

#2 - If the Foreign Quota is still available is there additional costs (outside of taxes & transfer fees) associated with transferring the title?

#3 - If the Foreign Quota is full, then ask your real estate consultant what options exist for you to secure ownership of that particular property

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