



There is a lot to consider when buying Thai real estate. Perhaps no question is bigger than the decision of freehold or leasehold. Buying leasehold property is not always seen as a desirable option for those overseas.

That being said, there are times when buying Thailand leasehold property can make sense. It is important to weigh up the pros and cons of the situation before making your decision.

## **Several types of property can be acquired by foreigners**

By law, condominiums are the only type of freehold properties in Thailand that can be owned by foreigners. However, it is possible for non-Thais to obtain leasehold rights to land, house and other property types. It is important to explicitly state what can and cannot be done in the lease agreement.

For example, it is necessary to state your plans in the lease agreement if you acquire a plot of land to build a house. Otherwise, this may be restricted.

## **Pros of buying Thailand leasehold property**

### **Better locations**

For various reasons, freehold land is limited in certain locations around Thailand. These include Bangkok's trendy Phloenchit and Chidlom neighbourhoods as well as select beachfront areas in Phuket and Samui. If you truly want to own a property in these places, leasehold may be the only option.

### **Streamlined building management**

One issue with freehold condominiums is that they are governed by a juristic board elected by building owners. Decisions go through this entity which may not have the proper skill, knowledge or desire to keep things running smoothly.

The developer of the project oversees operations at leasehold condominiums. They will usually appoint a property management company or hotel brand to handle day-to-day activities. Many owners find this arrangement to be more preferable than the juristic board model.

## **Cons of buying Thailand leasehold property**

### **Tricky term limits**

The length of a property lease cannot be more than 30 years according to Thai law. However, it is possible to put extensions to the agreement in place that can increase the lease term to 60 or 90 years. However, these extensions can be tricky and may not always be extended.

This element of uncertainty can be too much risk for some property buyers. One way around this is to have a guaranteed buy back included in the terms of a lease. This provides the buyer with a hedge against a shortened lease period.

### **Confusing transfer laws**

As far as inheriting a leasehold property, this ability remains murky for foreigners and the only way to guarantee this is by putting into the lease agreement. Other problems, such as can ownership of a lease be transferred by either party, are not always clear-cut.

### **What's best for me?**

Most agents will recommend freehold condominiums to overseas buyers simply because they are easier to purchase and provide more value. Buying Thailand leasehold property shouldn't be dismissed if you have your heart set on a specific location, want to build a home or find an agreement with solid terms. All that counts are that you're comfortable with the deal.