

GPA EXCLUSIVE

Targeting Thailand

The Ins And Outs Of Buying Property In
The Land Of Smiles

By Bart Walters



Thailand Temple Wat Phra Thart Pha Sorn Kaew with big Buddha statue

Everybody loves the “Land of Smiles,” but not necessarily for the same reasons. Frenetic big city beehives to slow and sleepy islands... Thailand seems to have a place for everyone.

It's Still Thailand

I moved to Thailand as it rebounded from a total collapse of its currency in the Asian financial crisis of the late 1990s. I've been here for SARS, The Avian Flu, a monstrous tsunami, and a couple of coups. If Thailand can be identified by one outstanding trait of its national character it is its “resilience.”

When I ask realtors and developers here how they feel about the future post-pandemic, I get a mixed bag of responses. The most optimistic get all lathered up talking about things like “pent up demand” that will be released when the pandemic’s fever finally breaks. And if you monitor sources like Facebook and real estate blogs, there is certainly no shortage of people sweating out the pandemic somewhere other than Thailand that wish they were here.



Lamai Beach in Samui island, Thailand

In February I met one of those people and sold him my big one-bedroom condo in Jomtien Beach. He is a fifty-something from San Francisco who figured out that he can run his business from a laptop, so he confirmed I had fiber optic 5G internet and the deal was done. This guy actually came here, went through the 14-day quarantine, and bought my condo after seeing it advertised on the internet. A buyer who wants to buy meets a seller who wants to sell. It happens here every day.

But, make no mistake, it is a buyer's market all over Thailand. Let's keep in mind, the whole world is hurting. Many condos, houses, and island bungalows are second and even third homes for foreigners. These are usually some of the first assets to be liquidated during a crisis (just after boats, but before guitars and surfboards). And let's not forget the thousands of investment properties sitting vacant and producing no income from the annual influx of tourists that didn't happen last year. Staring down the barrel of the second tourist season with no income, owners are anxious to jettison non-performing assets.

Bargain hunters are searching for and finding deals. Some properties are selling more than 20% below their market value. Some are being offered with owner financing. When more people can actually enter Thailand, it may set off a feeding frenzy. Everyone understands prices are low and sellers are motivated. I believe there is pent-up demand, and that properties will change hands at a brisk pace once visitors can arrive without quarantine or other restrictions.

The question here is timing. How long will it be before prospective buyers can arrive in significant numbers? Most experts agree it will be at the 4th quarter of 2021 at the earliest. How long until prices start going back up? It's hard to say; there's a lot of inventory. You'll get a lot of house for your money, but don't count on skyrocketing capital appreciation.

Given Thailand's history of recovery, risks seem fairly mitigated. It doesn't seem to matter whether the crisis is political, economic, or natural, Thailand just takes it on the chin and gets back up. One

developer I spoke with sloughed off any concern and said, "Hey, it's still Thailand. People still want to live here."

He's right of course. The only difference after a year and a half with no tourists is that the natural beauty of Thailand has had a chance to restore itself. The air is clear. The beaches are clean. Even the coral reefs are thriving. Everything is fresh again. Expats like me are feeling blessed to have been hunkered down here during the pandemic.



I hope to help readers clear up any misconceptions about buying property in Thailand as well as guide them towards a location that suits their needs. We'll endeavor to answer three questions. 1. How do I buy? 2. Why do I want to buy? 3. Where do I want to buy?



View of Phuket Town skyline in the early morning from Rang Hill (English) also known as Khao Rang (Thai)

Ownership In Thailand

Foreigners can own property in their name in Thailand. Condominium buildings can have up to 49% of their total deeded space owned by foreign individuals. Foreigners can also own buildings. Land, however, cannot be titled to a foreigner. Foreigners can secure leases on land and buildings for a maximum of 30 years with two extensions. Foreigners can control Thai companies that own land and buildings. Through all of these mechanisms, foreigners can own a wide array of properties for pleasure or profit.

There is a cottage industry that has been thriving for decades that helps you set up a Thai company to own any property as an asset. Depending on how much capitalization your company needs to own the property you want to buy, the cost to set up a company is between US\$1,500 and US\$2,000. It costs about US\$300 per year to keep up the proper paperwork.

When I built houses in Phuket, I bought the land with a Thai company I controlled. I loaned the company money to buy the property with the property as collateral. I secured the building permits



Tropical sandy beach of Khai Nai Island, Phuket

in my name, so I owned the buildings. I also leased the land to myself personally for 30 years with two extensions. In effect, I “quadruple owned” those properties. One advantage of owning properties with a company is there is no transfer fee at the land office when you sell them. You simply sell the whole company, transferring the shares to the new owner.

I’ve lived in Thailand since 1999. During that period, the only foreigners I know who have lost their homes in Thailand were as a result of acrimonious divorces. (In case you were wondering, she gets the house here too.)

Don't Go It Alone

Like most legal processes in Thailand, there's an easy way and a hard way when it comes to buying property. I do not recommend attempting to orchestrate a property transaction in Thailand without the help of local experts. It isn't something you can read about on the internet, collect the appropriate forms, and DIY.

Enter the property agent. A property agent who is worth his 5% commission (paid by the seller) will wear several hats and become your "fixer." While the real estate brokerage business in Thailand isn't as rigidly regulated or policed as it is in the United States, there are many reliable firms that have been in business here for decades.

The Thai Property Buying Process (If You Have A Good Agent)

1. Once you find a property, make an offer, and a transaction is agreed upon in principle, a reservation fee is paid by the buyer to secure the property. Usually, 100,000 Thai baht will do the trick. This fee is held by the agent. At that point, the seller takes the property off the market and releases relevant ownership documents to the agent to perform due diligence and prepare the sales agreement.
2. The Sales Agreement will determine the price, the terms, and the timing of the transaction. Once the Sales Agreement is prepared, reviewed, and signed by both parties, the buyer will deposit funds which, along with the reservation fee, add up to 10% of the purchase price. (The agent holds all deposits as there are no escrow services available.)
3. Usually within two to four weeks, everybody goes to the Land Office to complete the purchase. Most agents have personnel on staff that are experts at expediting the process and they will walk you through it. The buyer will present to the seller payment of the balance in the form of a cashier's check in the presence of a Land Office official. The Land Office will then register the property to the buyer and the original title deed will be updated accordingly and presented to the buyer.



City view of Bangkok, Thailand

4. At the same time as the final exchange of funds and property, any transfer fees and taxes are paid to the Land Office. Which party pays these fees is something that is negotiated and spelled out in the Sales Agreement. Most of the time, parties agree to split the fees 50/50.

It should be noted that buyers and sellers often give power of attorney to representatives of the agent to complete the transaction in their absence. You could buy or sell a property without even being in Thailand if you have your paperwork together.

Here's What Your Agent Does During The 2- To 4-Week Period

- Ensures the buyer's funds are transferred into the country accompanied by the appropriate Foreign Exchange Documents from the bank (TT3 documents). This documentation is vital to make sure you can get your money out of the country if and when you sell the property.
- Orders and collects a "free of debt" letter from juristic offices governing condos and homeownership committees.
- Organizes the formation and documentation of a Thai company if necessary for purchase of the property.

- Due diligence on the title and property taxes if any.
- Prepare transfer fees and power of attorney documents if the purchase is made by an absentee buyer or seller.
- Prepares final balance and cashier's check.
- Final inspection of property, meter readings, and inventory of furniture and appliances.

Here Are Some Other Things To Consider

- There is no MLS or Zillow in Thailand. Finding available properties and properly vetting them will require the help of someone with expertise in the local market.
- A building inspection is not routine as it is in the United States. New units come with a warranty. Previously owned units may not. I recommend inspection of key appliances like AC units, hot water heaters, etc.
- For condos, it is prudent to ask for a copy of minutes from the last meeting of the condo

association to detect any ongoing disputes or problems and to determine the financial health of the building.

- Going directly to a developer will not save you money and may dilute the due diligence process.

Now that we understand “how” you can own property, let's determine “why” you want to buy so we'll know “where” you want to look.

- Are you planning on a buy-to-let investment, making the property a profit center?
- Do you want a place you can stay and rent it out while you are away?
- Are you looking for a place to live with your family?
- Do you just want to retire and chill?

All of those property goals can be met in Thailand. Some knowledge of the regional markets inside the country can help you focus on what is important.



Bangkok city skyline view

The Buy-To-Let Market

Buying a property and renting it out for profit is a common investment strategy for expatriates in Thailand. There are no property taxes to speak of. Unless you own a lot of units and are making big money, taxes on your rental income are pretty much non-existent. Whatever you earn in rent, minus the cost of maintenance, is yours to keep. The average net return on rentals for the entire country is between 5% and 8%. Your yield will depend on how good a deal you got on the purchase, the duration of your lease(s), fixed maintenance costs, and desirability of your location(s).

If you are a pure buy-to-let investor, you should focus your property search on Bangkok. With a sprawling population of about 12 million, the capital city is chockful of middle-class to well-heeled workers from

all over the world. Owning good properties near the Skytrain and subway stations can produce the upper end of the ROI average. I owned four condos in one of Bangkok's Central Business Districts near a Skytrain/Subway Interchange Station for several years and enjoyed 8% returns and higher.

My technique was simple. I bought older units priced under market value in well-established buildings. Then I renovated and upgraded the units with all the amenities long-term renters are looking for. It was easy to fill them with good tenants. It should be noted that renovating property in Thailand is much more affordable than in the west. Labor is cheap and many of the nicer materials like granite countertops, ceramic tiles, and hard wood floors are made in Thailand.





For The Part-Time Expat, Part-Time Landlord

Buying to let part-time is a different proposition. For those who say, “I want a place to stay that I can rent

out while I’m gone,” the locations to explore are very different. This type of property shopper needs to look in some of the busy tourism hubs in Thailand.

It should be noted that Airbnb and other online rental portals have met with some resistance in Thailand. Ownership committees of some condominium buildings vote for measures that would preclude owners from short term rentals. You’ll need to see the building’s by-laws to make sure you can execute your plan.

Before COVID-19 put its foot on the neck of tourism, Thailand attracted more than 40 million visitors a year, with tourism making up about 20% of the country’s GDP. The hot spots are Phuket, Phang Nga Bay, Koh Samui, and its sister islands, Pattaya and the Eastern Seaboard, and Chiang Mai in the north.



If we are to choose which area to shop for properties from those mentioned, I’d choose cities on the Eastern Seaboard from Pattaya on down to Rayong.

First of all, Pattaya and outlying beach towns are currently flooded with condo projects of all descriptions. From high-rise beachfront studios to cozy boutique buildings hidden away in quiet

neighborhoods, a property shopper will be overwhelmed with choices. It’s good to be a buyer in Pattaya right now. The pandemic has fueled a sell-off for all kinds of properties and good deals abound. This is especially evident on the edge of new development further down the coast in places like Ban Amphur, Bang Sare, and Rayong.

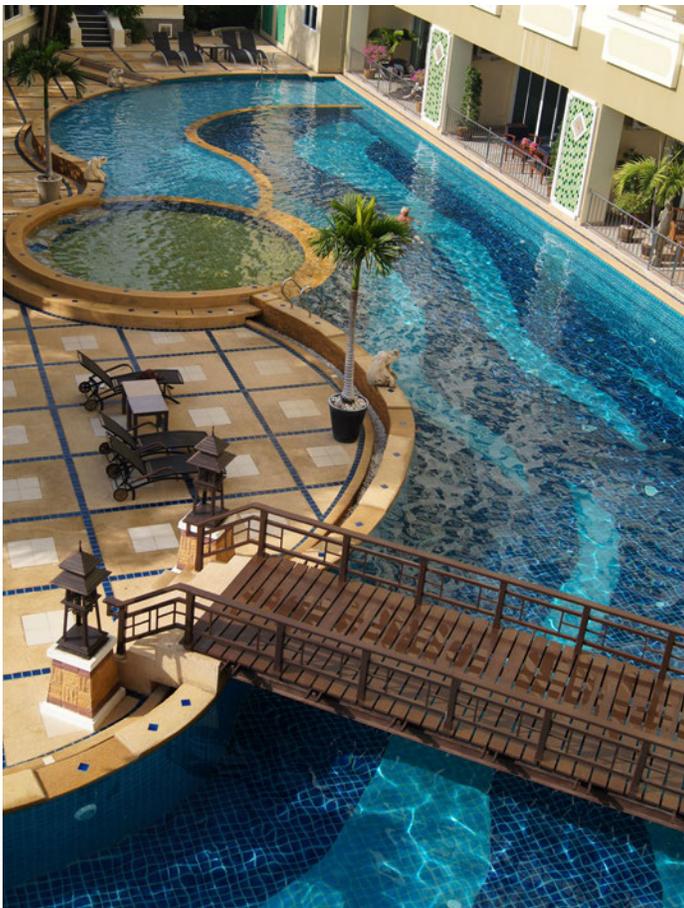
The Infrastructure Play

It is important to understand that Pattaya is more than just a tourist town, it is an up-and-coming coastal city with a lot to offer expats and retirees. Since the opening of Suvarnabhumi International Airport and Motorway 7 several years ago, Bangkok and Pattaya seem to be growing closer to each other and now the seaside resort feels like an outlying suburb of Bangkok. Some are starting to call it “Bangkok Beach.”

A highspeed rail project has begun that will link Bangkok’s two international airports with U-Tapao International Airport further south on the Eastern Seaboard near Rayong. The route is 220 kilometers long and runs right through Pattaya and down the Eastern Seaboard. At least three stations are planned for Pattaya City, strategically located to serve the local community. Traveling at a speed of 250 kilometers per hour, a person living in Bangkok could travel to Pattaya’s beaches in about 30 minutes without getting in a car. A person living in Pattaya would have easy access to two international airports less than 30 minutes away. This new high-speed Don Muang/Suvarnabhumi/U-Tapao international airport link is scheduled to open in 2024.



If you plan to rent your property out, Pattaya and the Eastern Seaboard enjoy a smoother curve in terms of tourist arrivals because it is only two hours from Bangkok. Seasonal peaks and valleys are evened out by domestic tourists and weekenders from the capital city. Renters for short or medium terms flow in far more reliably than further flung island locations like Phuket and Koh Samui. Keeping your place rented while you aren’t there is far more likely in a place like Pattaya or Jomtien Beach.



Bangkok airport

When you are investing in this part of the world, surfing in front of big infrastructure waves is a tried-and-true strategy. The only way to achieve any real capital appreciation in such an oversupplied environment is to target places that are poised to boom economically thus becoming more desirable. Foreign investment continues to pour into the

kingdom and the government of Thailand is committed to the Eastern Economic Corridor (EEC) as the focus for growth for the next 20 years. The endless choice of quality properties throughout that region makes the EEC a property shopper's paradise no matter what their intention is.

The Perfect Family Living Thai Property

Families with school-age children need to do some research when considering Thailand. Of course, the first consideration is access to international schools. The best international schools are clustered in cities like Bangkok, Chiang Mai, Phuket, and around East Pattaya.

For family life, I'd rule out sweaty, smoky Bangkok. It's not an ideal place for kids and you'll get more house for your money outside the capital. I'd also rule out Chiang Mai due to lagging infrastructure and two months of unbreathable air per year.

Phuket hosts 14 international schools and Pattaya has 12 with names like St. Andrews, The Regent's International school, and prestigious Rugby International School with 453 years of history behind it.

Phuket offers plenty of living options and leans more towards houses and high-end villas. Condos are catching on in Phuket, but mostly smallish holiday units not well suited for family life. However, there are plenty of zero-lot-line and town house developments that might be just right for small families.

Property and cost of living are higher on Phuket, but for buyers who like water sports, golf, and island-paced life, it could be a great option for the whole family. Prices are higher near the popular beaches on the west coast. Some hidden gems can be found in the inner part of Phuket known as Kathu, near golf courses and schools, with elevated jungle views. My favorite part of Phuket is the southern tip near Nai Harn and Rawai Beaches. On a clear day you feel like you can see all the way to Indonesia!

Once again, the eastern seaboard offers the widest array of options for family living. The rolling hills leading up to the coastal towns of Pattaya City,

Jomtien Beach, Ban Amphur, Bang Sare, and Rayong are picture perfect for housing estates. Houses can be found in every price range, from cozy bungalows to rambling mansions.



Towns between Bangkok and the coast like Siracha, Laem Chabang, and Chonburi are clustered with massive industrial estates assembling cars, processing frozen foods, making furniture, etc. Along with the huge container port of Laem Chabang, the region employs thousands of foreigners from every corner of the globe. When your kids go to an international school in East Pattaya, it truly is "international."

- So, are you looking for a 3-bed, 2-bath with a pool and nice garden for US\$100,000 or less? East Pattaya has a bunch of them.
- How about a 3-bed, 3-bath poolside condo as big as a house? Jomtien Beach is for you.
- Maybe the 7-bedroom rockstar mansion in Bang Sare with a guitar shaped pool is your cup of tea?

Old houses that need love... new houses off-plan... bare shell condos waiting for your most imaginative design ideas... it's all available on the Eastern Seaboard.

The Ideal Full-Time Retirement Home

If you want to retire and slow down, Thailand has an overabundance of good choices. For yoga-hippy hammock lovers, I'd recommend the Gulf of Thailand. Koh Samui has an airport and is home to a sizeable expat community. Minimalist beach bungalows, cliff-hanging sea view mega-cribs, waterfront studios... this island has a vast array of options. There are many second homes available from highly motivated sellers on Koh Samui. Neighboring Koh Phangan has similar property on offer in a more rustic island setting. Some of the best property values in Thailand are on these islands.

Hua Hin is a coastal city on the Western Seaboard, just about three hours from Bangkok. Many retirees choose Hua Hin because of its laid back, yet upscale feel. The beaches are gorgeous. The golf courses are immaculate. Houses and condos don't come in the same variety as bigger markets like Pattaya and Phuket, but they are still value buys in an area that

has shown great price stability. Seafood, golf, and chill? Hua Hin is a safe bet.

Many retirees choose the Eastern Seaboard because there is a vibrant expat community, affordable housing, and access to great health care. The expat population of Pattaya and surrounding towns is estimated to be around 200,000. There's even a VFW Post there.

In Pattaya, you could buy a fully equipped and spacious one-bedroom condo near the beach for less than US\$60,000. Swanky high rise, sea view condos are available for bigger budgets. Or, how about a sweet pool villa surrounded by tropical gardens near the big lake for less than US\$100,000?

I can say from personal experience, the Eastern Seaboard is the easiest place for a foreigner to live in Thailand.



Some Honorable Mentions

There are some markets in Thailand that go under-the-radar that should be mentioned. These towns are coastal jumping-off points to island destinations. Many visitors pass through without giving them a second thought.



- **Krabi** is a coastal city on the Andaman Sea, opposite Phuket on Phang Nga Bay. It's a sleepy part of Thailand with a craggy coastline, sheer limestone cliffs, and dense mangrove forests. Krabi is the gateway to more than a hundred offshore islands like Koh Phi-Phi and James Bond Island. The idyllic island of Koh Lanta is also accessible from Krabi by the Koh Lanta Bridge. Available properties are mostly villas and houses tailor-made for a relaxed island lifestyle while still being on the mainland near an airport. Krabi is a good spot to buy land and build your own house.

- **Chumpon** is another under-the-radar coastal city on the Gulf of Thailand opposite the Koh Samui Island group. Savvy travelers find Chumpon to explore its long stretches of golden beach and pristine coral reefs. Labeled the "Gateway to the South," Chumpon definitely has a different vibe than any other place I've been in Thailand. Again, most properties available are houses, but it is another prime candidate to buy cheap land and build your own place.

Thailand Is Everyone's Cup Of Tea

Everyone has a different reason for loving Thailand. I've been a Bangkok big city player, eating street food and hanging out in cool jazz clubs. I've been that coconut sipping beach bum who can't remember the last time he wore long pants. Now I'm taking the

middle path between those two lifestyles, relaxing by the pool at a seaside resort.

The problem with Thailand is, there's just too many choices. 🏠

About The Author

Bart Walters is a 60-year-old American expat that has lived in Thailand for over 20 years. Ever since moving to Thailand, Bart has been involved in a multitude of business projects including property development, building renovation, interior design, and marketing campaigns.

Currently, Bart lives in Jomtien Beach about two hours south of Bangkok on the Eastern Seaboard of Thailand. He spends his days teaching English, academic writing, and test preparation for high school and university students all over Asia.

Bart is also a prolific writer, publishing work in dozens of magazines both in print and online. He's just published his first book, a collection of short stories titled "Sunset Vertigo."