

GUIDE

THAILAND

- 1** Types of ownership when purchasing real estate in Thailand
- 2** The process of buying property in Thailand: how the transaction works
- 3** Taxes and property maintenance costs in Thailand: what investors should consider
- 4** Possible real estate investment strategies in Thailand
- 5** Property management for generating rental income in Thailand

1 TYPES OF OWNERSHIP WHEN PURCHASING REAL ESTATE IN THAILAND

Purchasing real estate in Thailand is considered one of the simplest and most transparent procedures among Southeast Asian countries. The transaction has a clear legal structure, and foreign buyers have access to clear and lawful ownership mechanisms.

In most cases, the process does not require personal presence: **registration can be completed fully remotely** – through lawyers, developer representatives, or international brokers.

As a rule, the parties sign a Reservation Agreement, after which legal support for the transaction begins. Payment can be made by bank transfer, through payment agents, or by other methods agreed between the seller and the buyer. This flexibility makes the market convenient for foreign investors.

At the same time, the key issue that must be resolved before purchase is the ownership structure. The owner's legal rights, taxation, resale opportunities, and the overall investment attractiveness of the property depend on it.

FREEHOLD – FULL OWNERSHIP RIGHTS

Freehold is a form of ownership under which the investor receives full and perpetual rights to the property. For foreigners, freehold is primarily available when purchasing apartments in condominiums registered in accordance with Thai law.

There is an important limitation:

foreigners may own no more than 49% of the total residential area in one condominium. If there is available foreign ownership quota, purchasing under freehold takes place without additional complications.

Freehold gives the owner maximum freedom to manage the asset.

The property can be:



Sold at any time



Gifted or transferred by inheritance



Rented out without restrictions



Used as a personal residence

This is why freehold is considered the most reliable form of ownership in terms of long-term investment and liquidity.

However, this form also has its own specifics. Registration costs when purchasing under freehold are higher than under leasehold. They usually amount to 6–7% of the property value and are often split equally between the buyer and the seller. Additionally, at the time of registering the transaction with the Land Department, stamp duty of 0.5% is paid.

It is also important to consider that freehold is full ownership, which:



Must be declared



Is subject to property tax, at a low rate of approximately 0.02–0.1% per year of the assessed value



When registered through a legal entity, requires maintaining a Thai company

In addition, land in Thailand cannot be registered as the property of a foreign individual. Freehold ownership of land is only possible through a legal entity, which complicates the ownership structure and increases costs.



LEASEHOLD – LONG-TERM LEASE

Leasehold is a form of long-term lease widely used in Thailand when purchasing villas, houses, and properties with land. The standard lease term is 30 years with the possibility of renewal. As a rule, the agreement provides for renewal up to a total potential term of 90 years with re-registration every 30 years.

Although leasehold is formally not perpetual ownership, in practice it is one of the most popular and convenient options for foreign investors, especially in resort regions.

Among the key advantages of leasehold:



The market price of the property is usually 5-10% lower than that of a comparable freehold property



The registration fee is 1-2%, which is approximately 5% lower than under freehold



The property is held under a long-term lease, therefore it does not need to be declared and is not subject to property tax



Mandatory registration of the transaction with local authorities

These factors make leasehold especially attractive for investors focused on optimizing costs and increasing net returns.

At the same time, leasehold also has limitations that are important to consider in advance. The maximum total lease term is **90 years**, and the agreement must be renewed every 30 years. In addition, selling the property or transferring lease rights usually requires **the consent of the freehold owner, meaning the landowner**. These points must be clearly specified in the agreement and checked by a lawyer.

ADDITIONAL COSTS UNDER LEASEHOLD

In addition to the property price, the buyer incurs additional costs:

1,1%

Registration fee
(1% transfer fee,
0.1% stamp duty)

0,1%

Stamp duty

Compared to freehold, these costs are significantly lower, which also affects the overall economics of the transaction.





WHAT SHOULD AN INVESTOR CHOOSE

The choice between freehold and leasehold depends on the purpose of the purchase.

FREEHOLD

Suitable for those seeking maximum legal protection, flexibility of ownership, and long-term ownership.

LEASEHOLD

Often becomes the optimal solution for villas and resort real estate, allowing investors to reduce the entry threshold and operating costs.

In any case, when purchasing real estate in Thailand, not only the ownership structure but also the quality of legal support is of key importance.

A properly structured transaction allows a foreign investor to safely own real estate, generate income, and preserve capital in one of the most dynamic markets in the region.

2 THE PROCESS OF BUYING REAL ESTATE IN THAILAND: HOW THE TRANSACTION WORKS

Purchasing real estate in Thailand is a well-structured and legally established process that is, in many ways, simpler than in a number of European countries.

Foreigners have access to clear procedures, and most transactions can be completed remotely, without the buyer needing to be personally present in the country.

Nevertheless, the Thai market has its own specifics that are important to consider in advance. Understanding the stages of the transaction allows the investor to control risks, properly plan payments, and avoid delays at the final registration stage.

PROPERTY SELECTION AND FORMING THE PURCHASE STRATEGY

The process begins with selecting a property and determining the purpose of the purchase.

At this stage, the investor answers key questions:

- Whether the property is being purchased for personal residence, rental income, or capital growth
- In what format – apartments, a villa, or a hotel-managed property
- In which location and under which ownership structure

When selecting a property, not only the price and appearance are evaluated, but also the legal parameters of the project, the availability of foreign ownership quota for freehold, the developer's reputation, the prospects of the area, and the property management model. This is the stage where the future profitability of the investment is formed.

PROPERTY RESERVATION AND SIGNING THE RESERVATION AGREEMENT

After selecting the property, the buyer moves to the reservation stage. A Reservation Agreement is signed, which secures the property for the buyer for a specific period, usually 2-4 weeks before signing the main Sale and Purchase Agreement.

The Reservation Agreement reflects the main terms of the transaction:

- Property price
- Ownership structure
- Payment schedule
- Deadlines for signing the main agreement

Together with the Reservation Agreement, a reservation deposit is paid. Its amount depends on the developer and the type of property, but usually ranges from 50,000 to 100,000 THB.

The deposit confirms the seriousness of the buyer's intentions and temporarily removes the property from the market.

LEGAL DUE DILIGENCE OF THE PROPERTY

One of the key stages of the transaction is legal due diligence. Despite the high level of market transparency, it is important for the investor to make sure that all documents are correct before signing the main agreement.

As part of the due diligence, the following are analyzed:



Title documents for the land and property



Project status and permit documentation



Availability of a condominium license



Leasehold or freehold conditions



Absence of encumbrances and restrictions

At this stage, lawyers also review management agreements, resale conditions, the possibility of transferring rights to third parties, and inheritance rights.

This is especially important for a foreign buyer, since mistakes in the transaction structure may lead to restrictions in the future.

SIGNING THE SALE AND PURCHASE AGREEMENT

After completing the legal due diligence, the parties sign the Sales and Purchase Agreement (SPA) – the main sale and purchase agreement.

It specifies in detail all financial and legal terms of the transaction:

- Property price
- Payment schedule
- Liability of the parties
- Property handover procedure
- Registration deadlines

Installment plans are widely used in Thailand's primary market.

As a rule, the buyer makes an initial payment, while further payments are made in stages – according to the construction schedule or on pre-agreed dates.

In the secondary market, full payment is more commonly made closer to the moment of rights registration.



PAYMENT AND TRANSFER OF FUNDS

After completing the legal due diligence, the parties sign the Sales and Purchase Agreement (SPA) – the main sale and purchase agreement.

Payment can be made:



By bank transfer



Through payment agents



By other agreed methods

Flexibility in payment methods is one of the advantages of the Thai market, especially for foreign investors.

TRANSACTION REGISTRATION AND TRANSFER OF RIGHTS

The final stage of the transaction is registration with the Thailand Land Department.

This is where the legal transfer of ownership rights under freehold or registration of the long-term lease under leasehold takes place.

At this stage, government fees are paid and title documents are issued.

The buyer's personal presence is not required. The transaction can be registered through a notarized power of attorney via lawyers or representatives of the seller.

After registration, the investor officially becomes the owner of the real estate or lease rights and receives the relevant documents.

PROPERTY HANDOVER AND FURTHER MANAGEMENT

After registration is completed, the property is handed over to the buyer. If the real estate is purchased for investment purposes, the next step is transferring it to management - to a management company or hotel operator. Management agreements are signed, the financial model is set up, and the property begins generating income.

Thus, **the process of buying real estate in Thailand is a logical and transparent sequence of actions.**

With proper support, the transaction is completed quickly and safely, while the investor receives a clear and legally protected asset with predictable economics.

3 TAXES AND PROPERTY MAINTENANCE COSTS IN THAILAND: WHAT INVESTORS SHOULD CONSIDER

When investing in real estate, it is important to consider not only the property price but also all related expenses – taxes upon purchase, annual payments, and maintenance costs.

Thailand's real estate tax system is considered one of the most favorable in the region: it is transparent, clear, and rarely becomes a critical factor for profitability.

Nevertheless, it is important for investors to understand the structure of these costs in advance.



TAXES AND FEES WHEN PURCHASING REAL ESTATE

The main taxes and fees are paid once - during registration of the transaction with the Land Department. Their amount depends on the ownership structure and on how long the seller has owned the property.

When purchasing real estate under freehold, the following fees apply:

Specific Business Tax

3,3%

if the property is sold within less than 5 years, in which case stamp duty is not charged

Registration fee

2%

of the assessed property value, most often split between the buyer and the seller

Withholding tax

1%

withheld from the seller and does not affect the buyer's budget

In total

6,3%

In total, expenses when purchasing under freehold usually amount to around 6-7%, while part of them may be shifted to the seller by agreement.

When registering leasehold, the costs are significantly lower:

**Registration
fee**

1%

of the total lease
payment amount

**Stamp
duty**

0,1%

This is why leasehold is often chosen by investors focused on reducing entry costs and increasing net returns.

TAXES DURING PROPERTY OWNERSHIP

Thailand has a land and building tax, which is calculated based on the purpose of the property.



When real estate is used for personal residence, the tax is minimal and often symbolic.



When rented out or used commercially, the rate is higher, but in absolute figures it remains low compared to Europe.

Here it is important to consider the ownership structure:

FREEHOLD

Considered full ownership, must be declared, and is subject to tax

LEASEHOLD

In most cases, does not require declaration and is not subject to property tax, since legally it is a long-term lease

RENTAL INCOME TAX

Rental income in Thailand is taxable, but in practice this issue rarely causes difficulties.

There are two main scenarios:



When renting through a management company, the tax is withheld at source, and the investor receives net income



When renting independently, the owner declares the income and pays the tax independently

Most foreign investors choose professional management, as it simplifies not only operational processes but also tax accounting.

PROPERTY MAINTENANCE COSTS

In addition to taxes, the owner incurs regular property maintenance costs. Their structure depends on the type of real estate.

For apartments in condominiums, the main expenses include:



Complex maintenance fee, calculated per m²



Utility payments – water and electricity according to meters

The maintenance fee covers security, cleaning, elevators, swimming pools, fitness areas, landscaping, and general infrastructure.

These expenses are fixed and known in advance, which is convenient for planning.

For villas, additional costs may include:



Land plot and pool maintenance costs



Private security



Insurance

The amount of these costs depends on the property format and the chosen management model.

WHAT IS IMPORTANT FOR INVESTORS TO REMEMBER

In summary, the tax and expense structure of owning real estate in Thailand looks as follows:

- ✓ One-time purchase costs - on average 5-7%
- ✓ Annual taxes - low and predictable
- ✓ Maintenance costs - transparent and easy to include in the financial model
- ✓ Leasehold additionally allows investors to reduce the tax and administrative burden

With the right property selection and properly structured transaction, taxes do not reduce investment attractiveness, and Thailand remains one of the most convenient countries for investment in resort and residential real estate.



4 POSSIBLE REAL ESTATE INVESTMENT STRATEGIES IN THAILAND

Thailand remains one of the most stable and understandable real estate markets in Asia for private investors. Developed tourism infrastructure, high rental demand, and transparent ownership mechanisms allow real estate to be used as a source of regular income and a tool for capital preservation.

In practice, investors most often choose one of two strategies – the rental strategy or the “second home” format – while both models can combine rental income with property value growth.

RENTAL STRATEGY: SHORT-TERM AND LONG-TERM RENTALS

The rental strategy is considered the core strategy for Thailand. It involves purchasing investment apartments in a condominium and then renting them out – to tourists for short-term stays or to residents for long-term periods.

Thailand is a tourist country with year-round demand. Resorts such as Phuket, Samui, and Pattaya, as well as Bangkok, provide stable occupancy rates with proper management.

The economics of the rental strategy look as follows:

- ✓ Up to 15% annually – property price growth from the start of sales to commissioning
- ✓ 3-5% per year – value growth on the secondary market
- ✓ 5-12% annually – average rental yield, depending on the location and rental format

This strategy is suitable for investors who want to receive regular cash flow while maintaining the liquidity of the asset.

“SECOND HOME”: PERSONAL USE + RENTAL INCOME

The “second home” format is especially popular among investors who view Thailand not only as an investment destination but also as a place for seasonal living.

In this scenario, the property is used by the owner for 3-6 months per year, while during the rest of the time it is rented out.

Most often, the property is used:



In winter –
by residents
of countries with
cold climates



In summer –
by residents
of countries with
hot climates

From a profitability perspective, the strategy looks as follows:

- ✓ Up to 15% annually - property price growth from the start of sales to project completion
- ✓ 3-5% per year - value growth on the secondary market
- ✓ Up to 7% annually - average rental yield, depending on the length of personal use and the season

The main advantage of this model is the combination of quality of life and investment logic: **the property remains the owner's personal space, while continuing to work as an asset.**

HOW TO CHOOSE A STRATEGY

In practice, investors often combine approaches. For example, they first purchase a property at the launch stage with an expectation of price growth, and then transfer it into a rental model or “second home” format. The flexibility of the Thai market allows investors to adapt their strategy to changing goals and life circumstances.



5 PROPERTY MANAGEMENT FOR GENERATING RENTAL INCOME IN THAILAND

The profitability of real estate in Thailand directly depends not only on the location and property format, but also on the selected management model. The management market here is well developed and offers investors several options – from fully passive to self-managed.

International hotel brands such as Accor, The Standard, JW Marriott, Ramada by Wyndham, Sansiri, as well as strong local management companies, are widely represented in the country. This allows investors to choose a management format that matches their goals and level of involvement.

HOTEL MANAGEMENT

Hotel management assumes that the property is part of a hotel or serviced condominium and is managed by a professional operator. Management can be carried out in two formats.

OPTION 1

Rental Pool,
where income from all
units is combined and
distributed proportionally
among owners

OPTION 2

Individual management,
where the owner
receives income
specifically from their
own property

The management company handles:



Marketing and promotion



Bookings



Cleaning and service



Operational management

Income distribution between the owner and the management company may look as follows:

50/50% – 40/60%

of gross income

where the management company's share includes all expenses

80/20% – 70/30%

of net income

where the management company receives a percentage of gross income after expenses are deducted

This format is suitable for investors who want fully passive income and do not plan to deal with operational matters.

HIRING AN INDEPENDENT MANAGEMENT COMPANY

In this case, the investor hires a third-party management company that is not directly affiliated with the developer or hotel. The management company handles listing the property, bookings, maintenance, and reporting.

The commission of such a company usually amounts to 10–30% of income.

Income distribution most often looks as follows:

90/10% – 70/30%

of gross income

where the management company's share includes all expenses

This format is considered the optimal balance between profitability and the owner's level of control.



SELF-MANAGED RENTALS

The most involved format is self-management. The investor independently searches for tenants through platforms such as Airbnb and Booking.com, controls bookings, cleaning, and maintenance.

Financially, this option looks as follows:

- ✓ The investor receives 100% of revenue
- ✓ All expenses, including marketing, cleaning, utilities, and minor repairs, are paid separately

This format can be the most profitable, but it requires time, experience, and constant control, especially for short-term rentals.

WHICH MANAGEMENT FORMAT TO CHOOSE

The choice of management model depends on the investor's priorities:



For fully passive income –
hotel management



For a balance between profitability and control – **third-party management company**



For maximum flexibility and involvement –
self-managed rentals

Thailand is convenient because **investors can change the management format over time**, adapting their strategy to the market and personal goals.

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