

SIAM REAL ESTATE

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Buyers Guide 2019/20

1. WHY THAILAND

Thailand's property market is continuing to attract international investment and operate as a financial and travel hub for the entire region's continued expansion. Thailand offers property buyers **Quality Properties** with international building standards and **Large Choice** with many different property types, locations, price ranges. Bangkok, Phuket and Pattaya were in the top 20 visited cities globally last year as confirmed by Mastercard's 2018 Global Destination Cities Index, with Bangkok **the most** visited city.

Thailand's economy has experienced stable growth: despite headwinds, Thailand's economy has proven to be exceedingly resilient with growth far outstripping western economies. Economic growth reached 4.8% in the first quarter of 2018 - the highest pace since 2013.

Thailand's economy is export driven making up approximately 65% of the country's GDP. The manufacturing sector continues to evolve towards higher value-added technological products and has a dynamic auto industry. The tourism sector is very strong in Thailand as the country now enjoys strong growth in airport arrivals with 35.4m foreign tourists achieved in 2017. With **International Airports at** Bangkok and Phuket expanding and offering direct flights from China, the Middle East, Russia, Europe and Australia, in addition to Asean hubs. The outlook for the economy is positive, with the aim of moving from an upper-middle income country to a high-income country. The current government has just initiated a Billion-dollar **Infrastructure** investment covering rail, roads, air transport and ports throughout Thailand. The country already boasts first class health care and international schools in a fast-growing sector.

Thailand became an **upper-middle income economy** in 2011. Notwithstanding political uncertainty and volatility since 1970, Thailand has made remarkable progress in social and economic issues, moving from a low-income country to an upper-income country in less than a generation. As such, Thailand has been one of the widely cited development success stories, with sustained strong growth and impressive poverty reduction (*Source: World Bank <http://www.worldbank.org/en/country/thailand/overview#1>*).

Investor / business friendly and open to FDI: Thailand is very open to foreign investment in its economy and whichever government is in power all political sides are business friendly and dedicated towards improving Thailand's economy.

Stable and strengthening currency: Since the Asian Crisis in 1997-98 the Thai baht has recovered against major currencies and the appreciation of the Thai baht has been good for investors.

2. WHY REAL ESTATE

- **Price stability** – extremely low levels of debt in the property market, land prices increasing
- **Quality Properties** – international standards
- **Choice** – huge choice, many different property types, locations, price ranges
- **Accessible** – International Airports – Direct flights now from China, the Middle East, Russia, Europe and Australia, in addition to Asean hubs.
- **Infrastructure** – Good and improving infrastructure: first class health care, international schools, good roads
- **Lifestyle** – improved lifestyle and paradise retirement destination
- **Low property transaction taxes – no annual property taxes**
- **Good value** – compared globally properties in Thailand are excellent value
- **High rental returns**
- No bank loans to foreigners meaning only “**cash purchases**” and **no debt issues**
- Attractive Investment Opportunities

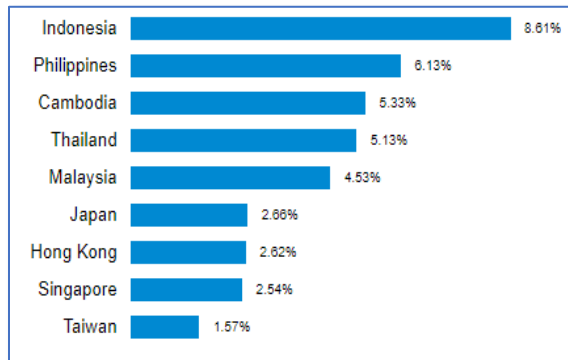
In today’s world with record low interest rates, low yielding bonds and volatile stock markets what options are available that can provide reliable and attractive returns?

For a long time now, investment in Thailand’s property market has provided investors with attractive, secure and stable returns in the form of both **capital gains** through increases in property values and **income** from rental yields.

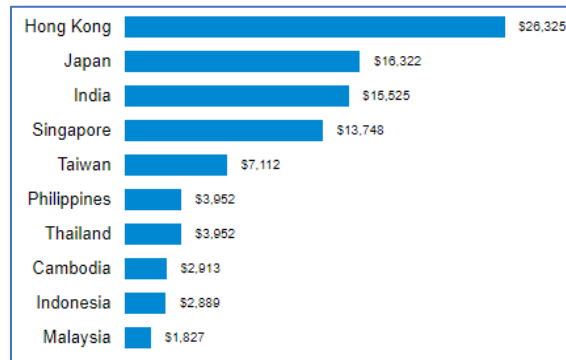
Return on Investment (ROI) on Thai Real Estate is exceeding 10% per annum. With land values increasing more than 300% over the past decade (*source: Phuket Provincial Treasury Office (PPTO)*) and current HPI (House Price Index) at 6.8% (*source: BOT*) real estate in Thailand is experiencing **High capital appreciation**.

Rental returns are averaging 5% a year, with returns of 7% up to 10% certainly achievable and thus providing property owners with a stable income. As well as high returns, Thailand’s real estate when compared globally offers **excellent value** as shown by the two charts below.

Asian Gross Rental Yields %



Asian Square Meter Prices US\$



(Source: Global Property Guide)

The market here has **lower mortgage debt levels** than other countries, this is because foreign investors cannot secure loans against property here and Thai banks are more conservative regarding lending than financial institutions in the west. This has a major effect on the market here, as lower mortgage debt levels lead to **greater price stability, lower risk** and reduces the potential of a market bubble forming.

3. OWNING REAL ESTATE IN THAILAND

Like many other countries in Asia, Thailand does not allow foreigners to own land freehold. However, Thailand is well ahead of many of its neighbours in terms of clear laws which allow foreigners to legally own property here.

Thai property laws allow foreigners ease of ownership: foreigners can own condos freehold, land leasehold and purchase land freehold through JV's in a Thai company. There are BOI (board of investment) options available to foreign investors also.

Condominium Purchase

Purchasing a condominium is the easiest, simplest transaction. The law allows foreigners to hold 49% of the units in a condominium freehold while in certain condominium blocks a full 100 % of the units can be owned by foreigners on a freehold basis. One important requirement in order to qualify for freehold status is that the foreign currency funds for the purchase have been remitted from abroad and correctly recorded as such by a Thai bank. The foreign freehold is definitely the preferred structure for purchase of a condominium apartment.

House Purchase

If however, what you want is a house, the fact that you can't acquire freehold land should not be a deterrent. You may own the building freehold and together with a well-constructed leasehold (typically a 30 year lease with two prepaid 30 year renewals) and a purchase option for the land (that could be

exercised in the event the laws of foreign ownership changed - or you sold the property on to a Thai person or legal entity) you will have effective ownership, yet still remain within the laws of Thailand.

Land Purchase

If a foreigner wishes to purchase land he has 2 options: The land can be purchased on a 30 year leasehold, with an option to extend the lease for further 30 year periods. Possession of the land is assured by virtue of the fact that the property occupies the land.

If a foreigner is going to operate a business in Thailand then he may purchase the freehold of the land through his Limited Company. The land will be owned by the Company, not the individual.

4. TRANSFERRING MONEY INTO THAILND

When purchasing property in Thailand. In order to transfer money used to purchase property or land back out of the country at a later date you will need proof from the bank that the monies were used for this purpose and you will need to get a Tor Tor 3 form or payment slip from the bank as supporting proof.

Tor Tor 3 (TT3) and payment slips explained

A TT3 is now called a "Foreign Currency Transaction" form. This form is only necessary if you transfer over USD \$20,000 into Thailand in any foreign currency to buy a property in Thailand and at a later date you wish to sell the property and transfer the money back out of the country. For any other payment method, you will need to obtain a payment slip to be used as documentation if you want to eventually transfer money back out of the country.

The following lists the scenarios for obtaining a TT3 form or payment slip:

1. If you transfer foreign currency greater than USD \$20,000 to Thailand straight into the developer's bank account, then the developer can get the TT3 form from the bank for you.
2. If you transfer foreign currency less than USD \$20,000 to Thailand straight into the developer's bank account then the developer can get a payment slip from the bank for you as support documentation (instead of TT3 form).
3. If you transfer foreign currency greater than USD \$20,000 into a bank account you hold in Thailand and subsequently transfer that money to the developer's bank account, then you are responsible for getting the TT3 form from your bank.
4. For all other methods of payment, you will need to get a payment slip from the bank to use as support documentation (instead of a TT3 form).

5. WHY USE SRE – THE BUYING PROCESS

Why let Siam Real Estate represent you?

SRE service is completely free for advice, assistance, viewings and no commissions payable!

Buying property here in Thailand is not straight forward and you will need professional sound advice which acts in your best interest. It can be a confusing experience due to law, regulation, language barrier, and choice.

We offer the largest selection of property, land and long-term rentals in Thailand so there is no need to go elsewhere.

Our sales teams are both foreign including Chinese and Thai and all speak perfect English. They will assist with interpretations and translations to avoid any misunderstanding and to ensure you know what you are buying and the exact terms.

We qualify your needs prior to viewings and ensure we do not waste each other's time. With such a vast and diverse choice of properties available it is important to select a short list in advance and for us to then plan a viewing itinerary trip so that we maximize use of your time efficiently.

Our professional advice avoids you viewing unsuitable properties and narrows down the choices as we know every property and what they offer.

We act as a liaison between both the buyer and seller, although our fee is paid by the seller. We assist with negotiations in an impartial manner and ensure you get the best deal possible and provide pre-purchase due diligence which avoids you making the wrong buying decision.

After making an offer, our support and service assists you with choosing a reputable lawyer, accountant, opening a bank account, visas, local knowledge, accompanying you to the land office, and any other questions you may have in the buying process. Please see our [testimonials](#) page online for our many satisfied buyers.

Remember you have a choice, if you go it alone it is at your own risk and there are many pitfalls which you can fall into. Our service is FREE and costs you nothing and all we ask is if we provide a good service that you remain loyal to us and purchase or rent through our company now or in the future!

Here's how it works

1. Research

We work closely with you to compile a focused and realistic brief which takes into account your requirements and preferences relating to the budget, style, condition, size and location of the property. We can advise on different areas and options available within your budget. We speak to all the relevant sellers, developers and our own private contacts and leave no stone unturned in the search process.

2. Short List

We preview and shortlist suitable properties - this saves you valuable time as we will only show you properties that we have first pre-viewed on your behalf and that meet with all of your requirements.

3. Report summary

Having vetted and viewed each property and made a very close inspection, we know which are suitable and which are not. SRE shortlist those which suit your brief, and provide you with honest and objective feedback on each property.

4. Property Tour

We accompany you on viewings to show you the shortlisted properties. During the property tours we will advise you on the local area and amenities and pricing. Once a suitable property has been identified, we provide you with an objective overview of the property and pricing so that you are equipped with the knowledge to make an informed buying decision.

5. Negotiation

When the right property is found, SRE use expert negotiating skills to secure the right property at the best possible price and on the most favorable terms and handle the negotiations on your behalf. Our negotiating power means that we can usually offer a minimum 5% price reduction for the buyer or possibly more off the published price.

6. Conveyance

Once the price is agreed, and reservation deposit put down, we introduce you to a reputable lawyer at the right price who has vast local experience in property conveyance. We use our expertise to ensure that the process runs as smoothly and quickly as possible.

We would be delighted to answer any questions you may have or to explain more about our service, so please don't hesitate to contact us.

6. RENTING OUT YOUR PROPERTY

Many property owners in Phuket purchase here with the intention of renting out their property. Historically Thailand has provided owners with very attractive rental returns on their investment, which is likely to continue as the country's appeal to tourists and long-term expats continues to grow and the increasing demand from the domestic market.

Preparing a property for rent starts at the purchasing stage: A buyer must decide whether they are looking to maximise rental income, a guaranteed return or just cover maintenance costs? Do they want to rent their property on a holiday rental basis or long term? Different guest types will have different demands, for example: guests who are using the property for a two-week holiday will want the location to be as convenient as possible, they may not wish to drive whilst here and are likely to want to be able to walk to the beach, restaurants and some shops. Whereas tenants who are renting a property for a year or more will most likely have a car, so the location does not need to be as convenient. These types

of tenants are generally looking for a more functional property for living, a home, often near schools and at a competitive rental price.

Before looking at buying a property a buyer must consider whether they want a managed property with or without guaranteed returns or whether they will manage the property and rentals themselves. If the property is not part of a managed development the owner will need to market their rental property through local brokers and/or international booking websites. An overseas owner will also need a property management company to handle maintenance issues which may arise. There are numerous property management companies throughout Thailand so this is really not an issue although some owners prefer the additional peace of mind being part of a managed development.

A buyer may not be buying with the intention to maximise rental return / occupancy as they may want to use the property as frequently as they wish. Some property developments will set a maximum limit for owner usage otherwise owners must opt out of the rental pool, whilst other developments offer much more flexibility.

As mentioned at the start, historically rental returns on properties in Thailand have proved to be very attractive. In [Siam Real Estate's Residential Market Report](#) we found villa rental returns in Thailand averaged 5% per year, with gross rental returns ranging from 3% up to 9% in some cases. These returns are very attractive when compared globally.

Income returns are an important part of any investment: they supplement capital gains of an asset giving greater returns. Rental income can cover the cost of maintaining the property including renovations, redecorating, management fees and more. They can provide owners with additional income or form part of a retirement plan. It is therefore very important that when you decide to rent out your property you are able to maximise its rental potential through higher occupancy and higher rental rates.

7. PROPERTY MANAGEMENT

Thailand has many property developments which offer buyers first class management services including resort managed properties offering owners hassle free ownership with peace of mind that their investment is being maintained well to keep its maximum value.

For property buyers who do not wish to purchase a managed resort property, Thailand has many experienced and professional independent property management companies. These companies specialise in private residences and offer professional personalised services, catering to the owners short and long term needs.

Independent property management companies care for your property on a day to day basis to help you maximize the return on your investment. They start with providing a rental and management service advertising your property for holiday or long term rental internationally via their marketing and websites.

These companies will look after the tenant and ensure everything is shipshape prior to arrival and that all requirements are met before and after. Finding tenants, taking deposits and manage bookings and payments as well as look after the property and ensure the tenants receive a first class service.

Most management companies offer a multitude of services for the home owner and have extensive knowledge of the local market and invaluable advice on every aspect of settling down and living in Thailand, from where to shop to the best local tradesmen, doctors, dentists, schools, etc.

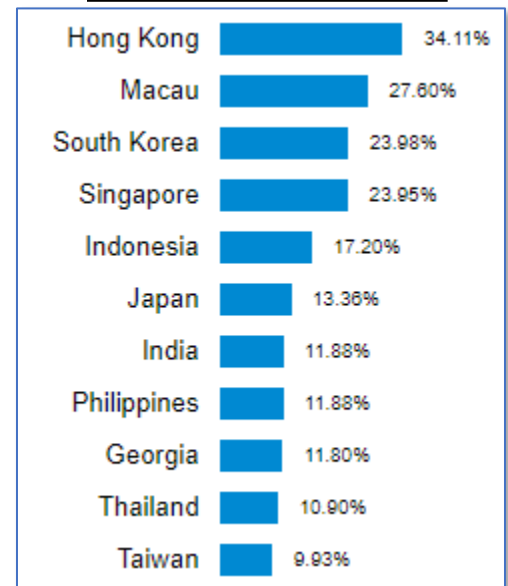
This gives the owner peace of mind knowing that you and your property is in professional hands with a reputable service company administering and looking after your investment.

8. PROPERTY TAXES

Thailand has very **low property transaction costs**: transfer taxes range from 1.1% up to a maximum of 6.3%. This is compared to other countries in the region which such as Singapore where currently foreign property buyers face an additional 15% stamp duty levied on them. In Hong Kong last year stamp duties for foreign buyers increased to an eye watering 30%, Tapei unveiled a punitive divestment-gains tax of a whopping 45% last year and further afield countries such as Australia and Canada have recently raised the transaction costs for foreigners to own property in a bid to cool their vastly over heated property markets.

Thailand also offers property owners the added benefit of having **no annual property taxes** which means huge savings for owners. Owning a \$1m USD property in the US would likely result in an annual tax bill of \$24,000 USD, which is \$720,000 over a period of 30 years, ouch, here in Thailand that tax bill would be zero (*Paul Renaud: Thai Stocks*).

Total transaction costs by country



Tax Type	Tax Rate
Lease Registration Fee	1.1% of lease value
Transfer fee	2% of the registered value of the property
Stamp Duty	0.5% of registered value. Only payable if exempt from business tax
Withholding Tax	1% of the appraised value or registered sale value of the property (whichever is higher and if the seller is a company). If the seller is an individual, withholding tax is calculated at a progressive rate based on the appraisal value of the property.

Business Tax	3.3% of the appraised value or registered sale value of the property (whichever is higher). This applies to both individuals and companies.
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9. VENDOR FINANCING

Unfortunately for foreign buyers no facility exists to obtain a mortgage / bank loan to fund a property purchase here. Therefore, without a source of finance the buyer must wait until subsequent visits to Thailand until they have the full funds available to make a purchase.

For buyers wanting stage payments there has always been the option of buying off-plan and spreading payments throughout the construction period. In more recent years it has become common place for property developers to offer short term finance, typically 1 to 3 years on up to 50% of the purchase price.

Now for the first time in Thailand, through Siam Real Estate’s Vendor Financing terms, private sellers are offering buyers stage payments on property purchases.

Vendor Financing terms are where a seller will accept a down payment, typically 50% of the purchase price, with affordable repayments over 1 to 3 years. The seller retains legal ownership until payments are complete and there is a legally enforceable contract between buyer and seller. Property ownership documents are held in escrow by a lawyer ensuring the property cannot be sold to another party. Should the buyer cease to make payments then the property ownership remains in the seller’s name. This is very similar to a bank loan / mortgage, without the bank fees, and will help buyers to purchase a property sooner than they otherwise could.

Example Costs

Pay 50% of purchase price and decide on repayments over 1, 2, 3 years based on payments below.

Subject to acceptance by seller who may wish to vary term and negotiate these terms.

Reservation deposit	150,000	(non-refundable deposit)
Lawyer fees	Shared between buyer and seller	

Repayment	1 year	0% interest	(conditional on full repayment at year end, see (*) note below)
	2 years	7% interest	(pay 24 monthly interest payments)
	3 year	8% interest	(pay 36 monthly interest payments)
Payment 50%	of purchase price		(due upon signing sales and purchase agreement)
Stage Payments	Either balloon payment at the end of the agreed term or monthly, quarterly, semi-annual or annual repayments		

10. VISA'S

A tourist visa can be used to stay in Thailand for between 15 days to 30 days for visas upon arrival. Tourist visas arranged through a Thai Embassy in advance of arrival allow stays up to 60 days. Tourist Visas can be extended within Thailand by 30 days at the nearest Immigration office.

1. REQUIREMENTS FOR THAI TOURIST VISA

This type of visa will be issued to applicants who wishing to enter Thailand for tourism purposes.

2. DOCUMENTS REQUIRED

- Passport or travel document with validity not less than 6 months
- Visa application form completely filled out
- One recent (4 x 6 cm) photograph of the applicant
- Air ticket or eTicket paid in full
- Financial means (20,000 Baht per person and 40,000 Baht per family)
- Consular officers reserve the rights to request for additional documents as deemed necessary

3. VISA FEE

USD 30.00 per entry or equivalent (Visa fee may be changed without prior notice)

4. VALIDITY OF A VISA

The validity of a visa is three months or six months. That means that you must utilize your visa within 90 or 180 days (dependent on number of entries)

5. PERIOD OF STAY

Upon arrival, travellers with this type of visa will be permitted to stay in Thailand for a period of not exceeding 30 days or 60 days.

Nationals of countries which are on Thailand's Tourist Visa Exemption list or have bilateral agreements on visa exemption with Thailand will be permitted to stay for a period of not exceeding 60 days. Nationals from other countries who hold a tourist visa will be permitted to stay in Thailand for a period of not exceeding 30 days.

Requirements for non immigrant visa:

A foreigner applies for a non-immigrant visa when he/she wants to stay or work in Thailand. This visa has several categories:

- diplomatic visa (D) is for those employed by an embassy,
- a business visa (B)
- or a mass media visa (M) are for accredited business or press representatives,
- a dependent visa (O)
- an expert visa (EX) are for those performing skilled or expert work,
- an investor visa (IM) is for foreigners who set-up their companies under the BOI
- and a study/education visa (ED) is for teachers.
- Official (F). Performance of official duties (involving the Thai government).
- Capital Investment (IM).
- Investment (with concurrence of the ministries and departments concerned). BOI (IB).

HOW TO OBTAIN A RETIREMENT VISA IN THAILAND:

STEP 1: OBTAIN A NON-IMMIGRANT VISA

Requirements:

- Passport (at least one year remaining before expiration)
- You must be holding nationality or permanent residence of the country of application
- Proof of Funds

STEP 2: OBTAIN A ONE-YEAR RETIREMENT VISA

Requirements:

- Must be 50 years old and above

- Passport (signed copies of each page)
- Non-Immigrant Visa
- Departure Card TM.6
- Proof of meeting Financial Requirements
- Thai Bank Book (original)
- Letter from your Thai Bank
- Three (3) 4x5cm photos, with full face taken

Financial Requirements are as follows:

- Bank Account showing THB 800,000
- Monthly income of at least THB 65,000
- Combination (Bank Account + Income x 12 = THB 800,000)

STEP 3: BRING YOUR HOUSEHOLD ITEMS TO THAILAND

You will be given six months from your entry to Thailand to bring in your household items from your country. If your permit grants you to stay for a year, these items will not be taxed. Otherwise, they will be taxed at a rate of 20% for import duty and 7% value added tax.

11. SELLING YOUR PROPERTY

Thailand's property market is developing fast and with it all the essential services that make buying, selling and owning property in a country simple, straight forward and hassle free.

There are numerous, very professional, international and local Real Estate Brokers and Law firms to assist with the buying and selling process. Agents in Thailand are able to market your properties for sale and rental internationally and the law firms here provide buyers and sellers with the confidence that their investments are financially sound.

Brokers fees vary from 3% to 6% in Thailand and are paid by the seller.

12. AIRFARE REFUND & REFERRAL OFFER

Link details here:

<https://www.siamrealestate.com/buy/airfare-refund/>

REFER A BUYER AND RECEIVE 50,000 THB CASH !!!

<https://referrals.siamrealestate.com/>

13. WEBSITE MEMBERS

<https://www.siamrealestate.com/members/>

Become a member on Siam Real Estate website:

Member Benefits

Registering online only takes a few seconds and allows you to customize your experience and save property of interest for enquiry or later viewing.

Personal Home Page

Your own personal homepage containing your short listed properties.

Save your favourite properties

Save properties that interest you for quicker access in the future. Access your saved details from home or from work, or via your mobile or share a log in with your partner and view properties you have both saved simultaneously.

Priority Notification

Be the first to receive advance notification of new property matching your criteria automatically sent to your email BEFORE others!

By becoming a member, you will benefit from the knowledge, experience and coverage of Thailand's number one independent property expert. This will often give you priority notification on the general market, with privileged information on the latest developments and new launches on the market.

14. RESOURCES LINKS

Relocation Info - <https://www.siamrealestate.com/info/thailand-relocation/>

FAQ's - <http://www.thailandpropertydoctor.com/>

Foreign Embassy's in Thailand - <https://www.siamrealestate.com/info/other-info/embassies/>

Immigration Offices in Thailand - <https://www.siamrealestate.com/info/other-info/immigration/>

Schools in Thailand - <https://www.siamrealestate.com/info/other-info/schools/>

Hospitals in Thailand - <https://www.siamrealestate.com/info/other-info/hospitals/>

Thailand Elite - <https://www.thailandelite.com/>

[Revenue Department of Thailand](#)

[Office of the Board of Investment \(BOI\)](#)