



Silver Lining in Real Estate Industry for Foreigners

Investment

New solution for foreign investment has shined bright in real estate sector as Thai government has been planning to amend the current real estate law to stimulate the economy and recover from the pandemic. According to this proposed amendment, foreigners will be promised with more freedom regarding the acquisition of houses and condominiums in Thailand. However, the public has been reacted in dilemma and mixed criticisms. Some are concerned that this amendment could generate massive foreign investment, and consequently, some areas in Thailand will be taken over or monopolized by foreigners. On the other hand, this amendment can energize and stimulate the economy, especially in real estate sector that has been through a great decline from the effect of COVID-19 pandemic. Henceforth, this proposed amendment can help Thailand create recovery from economic stagnation in post-pandemic time.

This proposed legal amendment has not finalized into the Royal Decree yet. Therefore, the following details are the current official statement of the proposed amendment, and can still be subjected to future changes.

Three Perspectives of the Amendment

Land

According to the Thai Civil and Commercial Code, the land lease for foreign-owned asset in real estate has the maximum length of 30 years per term. The proposed legal amendment will maximize the length of the lease to 50 years per term with renewable right of 40 years per term, therefore, boosting foreign investment in term of land lease. However, the proposed amendment is planned to be effective for only 3-5 years as the aim is to generate financial recovery for real estate sector. This proposed amendment will be implemented .

House

With complicated restrictions under the Land Code, foreigners often pursue ways to own houses and lands through the exemptions granted under the Investment Promotion Act or the Industrial Estate Authority of Thailand Act.

The proposed amendment will permit foreigners to own land and a house if the following conditions are met:

- The purchased house is worth around 10-15 million baht; and
- The house is situated in a housing estate area.
- The foreign ownership does not exceed the maximum of 49% of the total area of such housing estate.

Condominium

The current Condominium Act allows foreigners to own 49% of the total condominium units. However, the proposed amendment will maximize the percentage to 70% to 80% of the total condominium units, but only 49% of foreigners will be able to vote in the annual general meeting of the condominium in order to prevent foreign domination and prevent the limitation of rights for Thai owners.

Remarks

The proposed amendment showed a sign of hope amidst the pandemic. It is an aspiring project by the government to stimulate the ever-worsening economy in Thailand. Foreign investment might be the right impetus to revive the real estate industry in Thailand. The concern regarding foreign take-over is also solid and compelling. However, the proposed amendment is aware of such concerns and trying to create safeguard against the problem. After the implementation of this proposed amendment in the future, it is still uncertain whether or not it will create desirable outcomes. However, it cannot be denied that this proposed amendment has potential to create recovery in real estate industry.

Should you have any question, please do not hesitate to contact us via info@bglballaw.com

