



Villas vs Condominiums



Story : James Goyder | Images : Courtesy of projects

For the majority of westerners contemplating buying a home in Thailand there are two distinct types of property on offer. Most buyers will be faced with a choice between a condominium and a villa.

Condominiums are a form of housing tenure where a specified part of a piece of real estate is individually owned while use of and access to common facilities in the piece such as hallways, swimming pools, elevators and exterior areas is shared. A villa, by contrast, will typically be larger but will have one owner who will be solely responsible for the maintenance and upkeep.

Charlotte Filleul is the General Manager, Resort Property of CB Richard Ellis in Phuket. CBRE have been one of Thailand's market leaders in real estate advice and brokerage for 19 years and were named the best international agent at the



Charlotte Filleul, General Manager
Resort Property of CB Richard Ellis in Phuket

2007 Thailand property awards. Charlotte is extremely active in selling both types of accommodation and is well positioned to comment on the distinct advantages, and disadvantages, of each.

For Charlotte the first thing anyone should take into consideration is how they actually intend to use the property. "If you are going to spend only two or three months a year, or even less, it might be easier to buy a condo because you've got cheaper maintenance costs so when you are not there it's costing less. You can almost lock it up and throw away the key, whereas with a villa you are going to have to pay for the maintenance which can be more expensive."

This is not the only advantage of buying a condo, "If you want to have an ocean view, which a lot of people do, you can get an apartment or condo for a reasonable price. However if you want a villa with an ocean view you are looking at the very top end of the market.

"Condos are the only thing that a foreign buyer can freehold so if you want to buy freehold property it is the only option. It is still possible, although difficult, to get finance on a condo. It's currently impossible on a villa."

There are still advantages to buying a villa though, "If you buy a villa you've got a lot more privacy. Some condos or apartments might have private pools but nearly all villas have a private pool or garden area. A villa will typically have four bedrooms whereas an apartment or condo will have only two or three. Also a villa is likely to be in a less dense development.

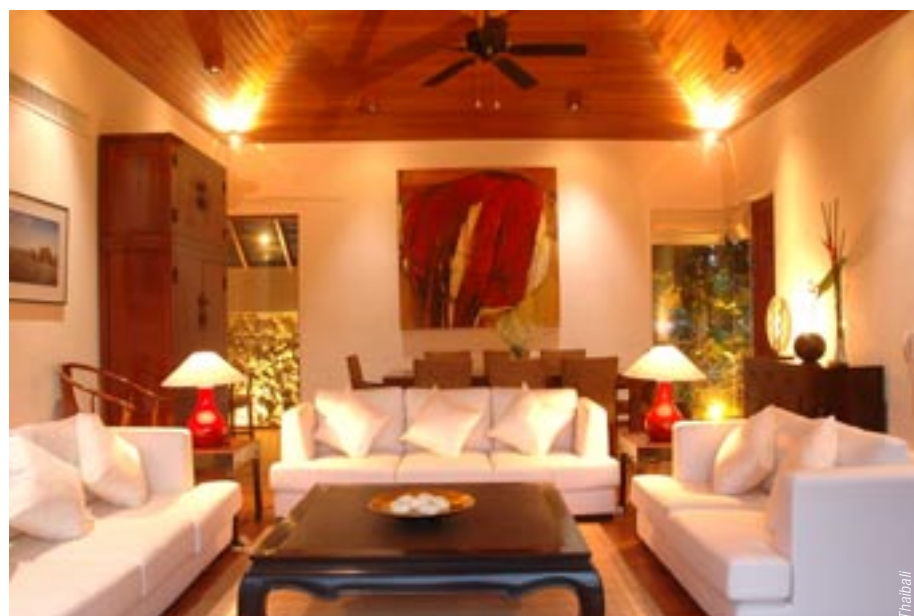
"Most people who are going to spend a longer amount of time in their unit will opt for a villa. I



decided to buy a villa because I live here full time and I wanted my own private garden and pool. If you go for a villa you get more space but you forfeit a lot of the other communal facilities which you would have in a communal building, like a gym or a children's play area."

In Charlotte's experience, "Freehold condominiums are easier to sell than leasehold condominiums. The buyers who come in early are the ones who get the best places so if you want to buy freehold and make the most appreciation on your property you have to pick well located units and you have to get in early."

It would be naïve to buy any sort of property in Thailand without first familiarizing yourself with the intricacies of Thai property law. Kert Stavorn is a Partner in Siam Legal, Thailand's largest legal services network. For him, "buying a condominium is the best way for foreign nationals to own property in Thailand and as long as the ratio of 49% is maintained, freehold title can be obtained."





Kert Stavon, Partner, Siam Legal

Kert is referring to the fact that under Thai property law foreign ownership cannot exceed more than 49% of the units in any condominium development. The remaining 51% of the units will typically be offered to foreigners in the form of a lease.

Leasing property is not without its pitfalls either. According to Kert, "One of the key aspects to note when buying a condominium under a leasehold structure is to ensure that all voting rights under the juristic entity are assigned to the lessees. If this is not done, then the lessees will have no power to vote on any key issues regarding the management of the condominium block."

Villas are by no means exempt from Thai property law. "When foreigners wish to purchase a home or villa then they are only able to obtain a

leasehold right on the land. They can, however, still own the structure built on the land as a form of freehold so this ensures survivorship to some degree, states Kert."

However Kert does offer some alternatives open to those wishing to purchase a villa outright, "There are other options available to foreigners in this type of situation too. Depending on individual circumstances, they can also obtain other registerable property rights such as superficies or usufructs. Superficies, for example, provides a practical solution for foreign nationals who have Thai spouses. On the other hand, usufructs may not be very useful if the foreigner wishes to bequeath the asset to their heirs.

"Buying a villa or a house using a Thai limited company has become less popular over the years although it is still being used. The only time this is a viable option is when the foreigners have legitimate local partners in the company. This is because every time a Thai company with foreign ownership makes a transaction at the land office, the officials will require each of the Thai shareholders to show proof of their assets."

Regardless of events elsewhere Thailand's property market remains buoyant and the majority of investors are seeing healthy returns. The take-up rates and number of completed developments are rising and the price per square metre of condominiums continues to climb. If you are thinking about buying property in the Kingdom now is as good a time as any but it is still worth approaching any prospective purchase with caution.

Before putting pen to paper you are going to be faced with a plethora of decisions, ranging from the location of your property, to the financial structure of your purchase to the type of property itself. It is essential that you are in a position to make informed, educated choices, preferably after receiving unbiased professional advice. Make sure that your property of choice, be it a condo or a villa, is the right one for you and that ownership of it is legally viable.