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Legal Developments in Thai Real Estate: Facilitating Foreign Ownership

On June 21, 2024, the Cabinet Secretary's office introduced urgent economic measures aimed at revitalizing Thailand's economy through the real estate sector. Central to these measures is a proposal to relax regulations governing foreign ownership of properties. This initiative comes in response to a letter from the Cabinet Secretary dated April 9, 2024, emphasizing the government's commitment to stimulating economic growth via real estate development and positioning Thailand as a global industrial hub.

The Cabinet convened on June 18, 2024, where Deputy Prime Minister Phumtham Wechayachai proposed the implementation of resolutions outlined in the April 9 directive. The resolution calls upon relevant government agencies to explore measures conducive to macroeconomic stimulation and the attraction of substantial foreign investments. Deputy Prime Minister Phumtham emphasized the preliminary nature of the proposal, noting it was undergoing thorough governmental review and had not yet received final approval.

The Ministry of the Interior has been tasked with assessing the feasibility of two key measures:

- 1. Extension of Property Rights:** Reviewing provisions under the Property Rights Act of 2019 to potentially extend property leaseholds up to 99 years.
- 2. Enhanced Foreign Ownership in Condominiums:** Revising existing laws governing foreign ownership of condominiums to increase the permissible foreign ownership threshold from 49% to 75%. This adjustment may include conditions regulating the management and voting rights of foreign entities that exceed the current ownership cap.

Should these measures necessitate legislative amendments, the Ministry of the Interior is instructed to expedite the legal processes in strict accordance with existing laws, regulations, and governmental directives.

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Following Cabinet review and approval of Deputy Prime Minister Phumtham's proposal, the Ministry of the Interior is now mandated to initiate implementation of the approved measures. This signifies a pivotal step towards potentially liberalizing foreign investment in Thailand's real estate sector, reflecting the government's proactive stance in fostering economic growth through regulatory reform.

This legal update underscores the evolving landscape of real estate regulations in Thailand, highlighting significant implications for foreign investors and local stakeholders alike. However, the issue remains under ongoing discussion and has not yet been finalized. We encourage you to reach out to us at law@ilct.co.th for any technical questions concerning this.