



BUTLER ESTATES



BUYER'S GUIDE

Is a 30-Year Lease in Thailand Safe?

What the law says, what happens at year 30, and how to buy one as what it is

30 years

MAXIMUM
REGISTERED TERM

3 years

REGISTRATION
NEEDED BEYOND

4655/2566

SUPREME COURT
RULING

1.1%

LEASE REGISTRATION
FEE

49%

CONDO FOREIGN
QUOTA



A registered 30-year lease in Thailand is safe for exactly what it is: thirty years of secured use of a property, registered on the title deed at the Land Department, enforceable against whoever owns the land for the whole term. What it is not is sixty or ninety years. The buyers I see get into trouble are the ones who paid for years they were never going to get. So the test is short. If the numbers work for you over thirty years, a lease is a sound way to own a villa in Phuket. If they only work over ninety, it isn't, and you should be looking at a freehold condominium or not buying at all.

What the law says about a 30-year lease

Thai law caps a registered lease of land or buildings at 30 years, under Section 540 of the Civil and Commercial Code. A lease longer than three years holds beyond year three only once it is registered at the Land Department, which is why "registered" is the word that matters. An unregistered 30-year lease is a three-year lease with a promise attached.

For most of the last two decades, villas on the island were sold on a "30+30+30" structure: a registered 30-year lease with two further 30-year renewals written into the same agreement, marketed as 90 years. In Supreme Court Judgment 4655/2566, on a Phuket property, the court looked past the paperwork to what the parties had actually intended, found it was a 90-year lease, which the law does not permit, and held the pre-agreed renewals void. The lessee kept the first thirty years and nothing else. Lower courts are applying the ruling.

What that leaves you with is clear enough. The landowner can grant a new lease when the current one ends. It is a fresh agreement, negotiated at the time, on terms the landowner sets, and no one can be made to grant it. A "guaranteed renewal" is marketing, and the court said so.

What actually happens at year 30

This is the part the law cannot tell you and the part buyers most want to know. From what I see on the island, it depends almost entirely on who owns the land and what they want from it.

On the established estates I know well, including the one I live in, owners with eight years left on their lease are being offered a new lease for a fee when they come to sell. That is common on the west coast. The landowner is a developer with a long-term interest in the estate, the fee is a known number, and the sale goes through with the buyer taking a fresh term. It is a good outcome and it happens often.

It is not universal. I know of an apartment building in Bangkok where the landowner is renewing for nobody, on any floor. I assume they intend to clear the building and either rebuild or sell at a higher price. The lessees there will get their thirty years and then they will leave.



So the question to answer before you buy is not “will it renew?” but “who owns the land, and what have they done?” Find out whether the landowner is the original developer or someone who bought the land later. Look at what they have done with leases that have already come up. Ask whether they offer renewals as a matter of course and at what fee.

Then look for one more thing, which is the strongest signal I know. Has anyone bought freehold inside the same estate? Thai buyers can, and on the estate I live in several have. An estate with freehold owners scattered through it is not going to be demolished and rebuilt at year thirty, because the landowner cannot clear it. That does not guarantee you a renewal, but it tells you the land is not being held for a different future.

Pricing a resale lease

A new 30-year lease and a resale lease with eighteen years to run are different assets, and they should be priced differently. The brochure for the resale will often quote the original 90-year structure. Ignore it. You are buying the years left on the registered term, plus whatever renewal the landowner is actually offering, and the second part is worth something only if it is in writing.

Three questions decide the price. How many years are left on the registered lease? Will you take an assignment of the existing lease or sign a new 30-year lease with the landowner, and what does each cost? And if a renewal is on offer, what is the fee, and is it a fixed sum or a percentage of value at the time? A seller with twelve years left and a landowner who renews for a known fee has a property worth close to a fresh term. A seller with twelve years left and a landowner who will not commit has a twelve-year asset, and it should cost like one.

Registration of a new or assigned lease costs 1.1 percent of the lease value at the Land Department, which my guide to buying costs sets out alongside the legal fees.

Four clauses to write into any lease

A 30-year lease is as good as its drafting. Whatever the landowner's intentions, these four go into the agreement before it is registered, not after.

First refusal if the land is sold. If the landowner sells the land under your villa, you want the right to buy it, or at the least to know before anyone else does.

The right to assign. You must be able to sell your lease to the next buyer without the landowner's discretion standing in the way. Without this, your resale depends on someone else's mood.

The right to sublet. If you ever want to rent the villa out, the lease has to allow it. Many standard forms are silent, and silent is not permission.

Succession. The lease should pass to your heirs for its remaining term. The default position under Thai law is not generous on this, and I have written it up separately in my guide to what happens to a lease when the lessee dies.

None of these is exotic. A landowner who will not agree to them is telling you something.



The alternatives

If the thirty-year numbers do not work for you, there are two other ways to own in Phuket and both are better understood than they were.

A condominium can be owned freehold by a foreign buyer, in your own name, within the building's 49 percent foreign quota. No lease, no renewal, no landowner. My freehold condominium guide covers the quota and the money-transfer rules.

Land can be held through a Thai company with genuine Thai partners and a real business. That is lawful and some of my clients do it. What is not lawful is a company with stand-in Thai shareholders set up only to hold a house, and the authorities are now enforcing against those; my piece on the nominee crackdown explains what changed and what did not.

For most of my overseas clients buying a villa, the registered lease is still the route. It just needs to be bought as what it is.

For a buyer, and for an owner

Buy thirty years, not ninety. Run the numbers on the registered term. If they work, buy. If they only work with renewals, don't. Read the landowner before the villa: original developer or later buyer, their record on renewals, and whether freehold owners sit inside the estate. Get the four clauses in before registration. A lease without them is cheaper for a reason.

If you are selling a villa on a lease with twelve or fifteen years left, the first thing a serious buyer will ask is what the landowner will do at the end, and the second is what it will cost. Go to the landowner before you list and get the renewal position in writing, with the fee. A lease with a written renewal offer sells as a near-fresh term; one without sells as the years that are left. I list leasehold villas openly alongside other firms and will tell you which of the two you have before it goes to market.



30 Year Lease: the questions I get asked

Is a 30-year lease in Thailand safe?

Yes, as a thirty-year asset. A lease registered at the Land Department is enforceable against the landowner and any later owner of the land for its full term. It is not safe as a 60- or 90-year asset, because pre-agreed renewals are void.

Can a 30-year lease in Thailand be renewed?

Often, but never by right. The landowner can grant a new lease at the end of the term as a fresh agreement. On established Phuket estates this is commonly offered for a fee; on some properties it is not offered at all. Find out who owns the land before you buy.

Is a 30+30+30 lease legal in Thailand?

The first thirty years are. The two pre-agreed renewals are not: the Supreme Court held them void in Judgment 4655/2566 because they amounted to a 90-year lease, which the law does not permit.

Should I buy a villa on a lease or a freehold condo?

If your plans work over thirty years, a registered lease on a villa is sound. If you want ownership with no end date and no landowner, a freehold condominium within the 49 percent quota is the only route for a foreign buyer.

What I do before an offer goes in

I read the lease and I read the landowner: who they are, what they have done with earlier leases on the same estate, whether freehold owners sit inside it, what the renewal fee has been when they have offered one, and whether the four clauses are in the draft. That goes to you in plain terms before you commit to anything, and I introduce an independent Thai property lawyer for the formal review. Buyers pay nothing for this; the seller or developer pays the fee.

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PHUKET PROPERTY ADVISORY



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This guide is general information, not legal or tax advice. Sources: Civil and Commercial Code, Section 540; Thai Supreme Court Judgment 4655/2566; Land Department lease registration fee of 1 percent plus 0.1 percent stamp duty. Renewal examples are the author's observations; no estate or landowner is named. Take independent legal advice before committing to any purchase or lease in Thailand.