



6 MONEY KILLING MISTAKES NO REALTOR WOULD DARE TO TELL YOU

BY IBG PROPERTY ————— 01

GREETINGS FROM IBG TEAM

Congratulations dear friend of IBG! You are on the right track now. This information can help you to prevent some problems that you can face with Real Estate Market in Thailand. All written here is based on our own experience.

Enjoy Your Reading

1. BUYING A LEASEHOLD CONDOMINIUM

Someone might tell you that Leasehold is kind of ownership, but it's limited by time. And they definitely said that with leasehold you have the same rights for the property?

It is absolutely wrong!

Leasehold basically means the rental of the property. According to Thailand law, any rental period over 3 years has to be registered in the Land Department (tax included). This means if you rent your house for 5 years contract - it's also the same leasehold.

Leasehold could be registered for a maximum of 30 years. If they promise you more - it's not guaranteed, if the "owner" of the property will not register the new period of 30 years - you will lose everything. A leasehold loses its value by years. After 5 years of "lease", you can assign only 25 years left. Nobody gets a "new" period of 30 years. It's also a lie.

Talking about the assignment itself, when you're the lessee - you can't assign your lease rights to anyone without the consent of the real "owner". It's a special paper, we call it "Consent Letter". We had a case when the "owner" of the property asked for payment of 100,000 thb to provide this paper. And he has a right for it. Sounds weird? Yeah.

Conclusion: We know that foreign freehold cost more, but if you want to gain value and have capital appreciation - go with it. **Please don't buy a leasehold condominium**

2. LET'S TALK ABOUT MAINTENANCES FEES.

Do you think that it is all expenses while owning condominium?

No! do not think that way. When you do the calculation about the Return of your investment, include there:

Every property needs renovation after 3-4 years of usage. Owners pay for that, so please count it too.

Paying tax on the rental income, 15% please - from each baht you earned.

A sinking fund is never enough - they said you have to pay one time only? Be ready to do it one more time in a couple of years. We experienced it many times already.

Remember about bills. When you have NOT guaranteed rental income, you will pay even for utility bills for your property.

Now investment looks not too attractive, right? Keep in mind these questions, you can ask your agent when you find your dream property.

3. BUYING PROPERTY WITHOUT DUE DILIGENCE.

Proper due diligence costs 35,000 thb (1,000 USD) - you can check a condominium or a villa for this price. Land plot Due Diligence costs a bit more (In our company we even provide Due Diligence for free for our buyers). It is some expences, but believe me - it's much better than lose everything later.

Many developers in Thailand put their lands and projects to get financing from the bank for construction or other issues. It's not prohibited by law. If their debts not paid but construction is finished, debts come to all units in the Project (talking about condominium). And if the unit been recently pre-sold to the foreign buyer, but property ownership not transferred - means the Bank owns it.

The same things come when you buy a resale property, it easily can be pledged to the bank.

The only way to get property or money back is to sue the Developer.



4.NO SIGNED AGREEMENTS - NO HONEY!

Everything that was said and not written - nothing.

Remember. When you found your agent you feel good to work with - why don't you sign the service agreement with him? And you can clearly see, for what they take responsibility.

When they promise you to give Guaranteed ROI - ask for an agreement first.

When it comes to maintenance - see the paper first.

A lot of issues in Thailand, when people do not check papers properly. And then they are disappointed, just because of blind trust.



5. WRONG LOCATION OF THE PROPERTY.

You loved the design, you loved the way - how the sales manager treats you. You are satisfied with the property and the price, but little bit confused about the location?

Forget the property then! Location comes first, always! You can change anything at the property, its design and decorations, but the location cannot be changed.

That's why some properties lose value after construction is finished.

Fancy - doesn't mean good.

Right location means the place that is provided facilities. Such as, MRT, beach, or anything that will give value to the property.



6. GUARANTEED RETURN? USUALLY, THE ONLY PERSON WHO PAYS FOR IT - IT'S YOU.

Wondering how come? We have been analysing the market more than 6 years. An interesting thing, that some developers reduce the price for the property - when our client goes without Guaranteed ROI. In 90% of new projects - the buyer pays for Rental Guarantee Return. A simple calculation, if the unit costs 5,000,000 thb and the developer promises you a 7% annual return for 3 years. Means you pay at least half of the initial cost. For the way without Guaranteed ROI, you can save at the beginning 12-15% of the total cost.

Sound like a good deal?

We have experiences in rental management with our

daughter company Space Rental. We know how hard to get 7-8% net income to the owner only. Usually, after all, expenses, it comes to 5.5-6%.

Thanks for your time reading this, Hopefully, we can assist you to invest on real estate wisely and efficiently. We also strongly believe that our service can help you for fair and accurate real estate terms in Thailand

Always be here for you, IBG Property

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