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Housing Selection of Foreign Residents in Phuket, Thailand

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Abstract

This study aims to (1) examine the relationship between personal factors of foreign residents and their housing selection behavior in Phuket Province, (2) investigate the relationship between personal factors and perceptions of the marketing mix in Phuket's real estate market, and (3) explore the relationship between the marketing mix and housing selection behavior among foreign residents. Employing a quantitative research approach, data were collected using questionnaires and analyzed through descriptive statistics (frequency, percentage, mean) and inferential statistics using Chi-square tests at a 0.05 significance level. The sample consisted of 385 foreign residents who had resided in Phuket for more than 90 days. The findings indicate that personal factors are significantly associated with both satisfaction with the marketing mix and housing selection behavior. Behaviorally, most foreign residents preferred to live in Mueang Phuket District, followed by Thalang and Kathu. Condominium ownership was the most common form of residence (57.1%), followed by ownership of villas or single detached homes (31.7%), and long-term leaseholds (20.5%). The primary purpose of property acquisition was residential use, with preferred property prices ranging from 7 to 21 million THB, followed by condominiums priced under 7 million THB. Contemporary (38.2%) and modern (36.1%) architectural styles were most favored. Preferred locations included areas near the sea (41.8%) and sites with easy access to main roads, shopping centers, or local markets (28.6%). Private cars and motorcycles were the most common modes of transportation. Strategically, in the era of AI management, real estate developers can enhance impact by leveraging AI technologies such as ChatGPT to analyze market behavior and deliver personalized property recommendations based on variables such as age, nationality, and income. AI tools can also track user interactions on websites and mobile applications to generate targeted project suggestions, create immersive virtual tours, and produce multilingual AI-powered marketing content to attract international buyers, particularly from Russia, Europe, and Asia.

Keywords: Housing Selection, Foreign Residents, Marketing Mix, Phuket Province, Residential Decision-Making

Introduction

A review of Phuket's real estate sector in 2023 reveals a significant increase in condominium and residential property transfers compared to 2022, indicating substantial growth in the market. Ownership transfers were driven by two primary purposes: investment or rental (79%) and personal residence or secondary homes (21%). The majority of foreign buyers were from Russia, followed by China and the United Kingdom. This growing influx of international property investors has positioned Phuket as one of the world's most attractive markets for branded residences. Accordingly, this study aims to examine the behavioral characteristics and influential factors driving foreign nationals' housing decisions in Phuket, focusing particularly on residents from Europe, Russia, and China.

The unplanned expansion of urban areas and the lack of understanding regarding the impact of transient populations may lead to more negative consequences than benefits. Thus, this research seeks to provide foundational insights to support the strategic development of Phuket's real estate sector and urban planning efforts. The specific objectives of the study are: (1) to examine the relationship between personal factors of foreign residents and their housing selection behavior, (2) to analyze the relationship between personal factors and perceptions of the marketing mix in Phuket's real estate market, and (3) to explore the relationship between the marketing mix and housing decision-making behavior among foreign residents.

Literature Review

To understand the growing trend of foreign settlement in Thailand and to support future urban development, it is essential to review relevant theories and prior research. According to Button (1972), housing selection is influenced by external factors such as the physical characteristics and surrounding context of a location. Housing fulfills various human needs: physically, it provides shelter and protection; socially, it reflects an individual's social status and achievements; and psychologically, it symbolizes success and fosters a sense of personal pride. The hedonic pricing model also explains property valuation based on several key variables, including scenic views (VIEW), distance from the central business district (CBD), housing size (SIZE), and neighborhood characteristics (NBHD). In the contemporary real estate market, increasing demand has driven widespread expansion of residential development. Understanding the market mechanisms governing this sector is therefore critical. A study by Phanchang, Pongputaroka, Santicharoenpornpatana, and Sutti Pasee (2022), using the Analytical Hierarchy Process (AHP), identified key success factors for mid-size residential projects in non-metropolitan areas. The most influential factors were financial considerations, followed by quality, service, and delivery. Among these, the most critical sub-factor was strategic location and a favorable environment, followed by cost control, adherence to quality standards, appropriate design, and construction materials. The least influential factor was the completeness of shared public infrastructure.

Based on the reviewed literature, the following hypotheses were proposed to examine the relationship between marketing-related factors and housing selection behavior among foreign residents in Phuket: (1) Personal factors of foreign residents are significantly related to marketing and service factors in their housing selection decisions; (2) personal factors are significantly associated with housing selection behavior; and (3) elements of the marketing mix are significantly associated with housing selection behavior among foreign residents in Phuket.

Research Methodology

This study, titled "Housing Selection Behavior of Foreign Residents in Phuket Province," employed a quantitative research approach. Data were collected from foreign nationals who had resided in Phuket for more than 90 days, with a total sample size of 385 respondents. The data collection involved two methods: 200 responses were gathered through online questionnaires distributed via real estate operators, while 185 responses were obtained through on-site surveys conducted in foreign residential communities,

including areas such as Rawai Subdistrict, Chalong, Choeng Thale, the Laguna resort complex, and Nai Yang Beach. The data were analyzed using descriptive statistics (frequency, percentage, and mean) and inferential statistics, specifically Chi-square tests at a significance level of 0.05. The study was conducted over a period of eight months, from October 2024 to May 2025.

Research Findings

- The first component of the analysis focuses on demographic characteristics, including nationality, gender, age, occupation, and residency status. The study surveyed 385 foreign nationals residing in Phuket Province. The majority of respondents were male (63.4%), while females accounted for 36.6%. In terms of nationality, Europeans constituted the largest group (36.6%), followed by Americans (27.3%), Russians (26.8%), and Asians (9.8%). Most respondents were aged between 46 and 55 years or were retirees (26.2%). A significant proportion (34%) were self-employed or business owners. Income levels varied, with 38.4% earning no more than 200,000 THB per month, and 17.7% earning more than 600,000 THB. Most participants held valid passports with Non-Immigrant visas (52.7%) or traveled on standard passports (41%), and the majority resided in Phuket as married couples.
- The second component examines housing selection behavior. The findings indicate that most foreign residents preferred to live in Mueang Phuket District, followed by Thalang and Kathu. Condominium ownership was the most common (57.1%), followed by ownership of villas, including townhomes and single detached houses (31.7%), and long-term leaseholds (20.5%). The primary motivation for property acquisition was residential use. Preferred property prices ranged from 7 to 21 million THB, followed by condominiums priced under 7 million THB. Regarding architectural preferences, contemporary (38.2%) and modern (36.1%) styles were most favored. Location preferences emphasized proximity to the beach (41.8%), with secondary preferences including proximity to main roads, shopping malls, or local markets (28.6%). The majority of residents used private cars and motorcycles as their primary modes of transportation, with most households owning at least one car, followed by motorcycles.
- The results of Hypothesis 1 revealed statistically significant relationships between all examined personal factors—including nationality, gender, age, occupation, income, passport type, and household composition—and components of the marketing mix. Specifically, nationality was significantly associated with perceptions of project characteristics, price suitability, location, product presentation, personnel, process and service, and overall project impression. Gender was also significantly associated with these same marketing mix elements, with the exception of proximity to beaches or tourist attractions, where no significant relationship was found. Age demonstrated a consistent association with all key marketing components, including project attributes, pricing, location, product presentation, staff, service processes, and overall satisfaction. Similarly, occupation and income were both significantly related to all marketing dimensions mentioned above. Passport type

showed significant relationships with project-related factors, price appropriateness, location, product presentation, personnel, processes, and overall project assessment, although it did not correlate significantly with factors such as interest rate discounts, distance to markets or airports, beach or tourist site proximity, quality of service, consultation support, or the availability of sample units with material previews. Lastly, household composition was significantly associated with all major components of the marketing mix, including project characteristics, price, location, product presentation, personnel, processes, and overall satisfaction.

- The results of Hypothesis 2 testing revealed significant relationships between all examined personal factors—namely nationality, gender, age, occupation, income, passport type, and household composition—and the housing selection behavior of foreign residents. Specifically, nationality was significantly associated with housing behavior regarding property location, ownership type, purpose of ownership, architectural style, proximity to surrounding facilities, type of vehicle owned, and number of vehicles. However, nationality was not significantly related to property value. Gender was significantly related to the purpose of ownership and property value, but not to other aspects such as location, ownership type, building style, nearby amenities, or vehicle characteristics. Age was significantly associated with all aspects of housing behavior, including location, ownership type, purpose of ownership, property value, architectural style, surrounding amenities, vehicle type, and quantity. Similarly, occupation and income both showed significant relationships across all behavioral dimensions. Passport type was significantly associated with property location, ownership type, purpose of ownership, property value, architectural style, and surrounding amenities, but not with vehicle type. Finally, household composition was significantly associated with location, ownership type, purpose of ownership, property value, surrounding amenities, vehicle type, and number of vehicles, but not with architectural style.
- The results of Hypothesis 3 testing demonstrated significant relationships between foreign residents' housing selection behavior in Phuket and elements of the marketing mix. First, residential location was significantly related to various marketing factors, including project characteristics, price appropriateness, site location, product presentation, staff, and service processes. However, residential location was not significantly associated with overall project impressions concerning aesthetics and comfort in reception areas. Second, type of property ownership was significantly associated with all dimensions of the marketing mix, including project features, pricing, location, presentation, personnel, process, and general project impression. Third, the purpose of property ownership was significantly related to the same marketing mix factors, reflecting a strong relationship between buyers' intended use of the property and their evaluation of marketing components.

Discussion and Conclusion

Based on field observations, data collection, and analysis, it was found that the majority of foreign residents in Phuket Province are Europeans (36.6%), with a strong preference for

residing in Mueang Phuket District. Russians, the second-largest group, favored southern coastal zones such as Rawai Beach in Mueang District and areas within Thalang District, which are less congested and located on the island's periphery. These findings align with Barrie Needham's (1977) theory of urban spatial growth, which emphasizes accessibility as the primary driver of urban activity distribution. The emergence of foreign communities in suburban areas such as Rawai, Nai Yang Beach, and Choeng Thale—populated predominantly by Russians and Europeans—further supports this theory. In terms of occupation, 34% of respondents were business owners, followed by retirees seeking leisure and comfort. A significant portion of these individuals earned less than 200,000 THB per month, with their preferred residential price range between 7 and 21 million THB. Condominium units were the most sought-after property type, followed by detached houses or villas in scenic and accessible locations such as Choeng Thale, Patong Beach, and Karon Beach. These preferences are consistent with Berry and Frank E. Horton's residential location theory and the Hedonic pricing model, both of which posit that housing prices are influenced by factors such as price level, location, and property size. Condominiums have thus become a primary asset for generating income in Phuket's real estate sector. Beyond location, architectural style and spatial features also played critical roles. The survey revealed that foreign residents favored contemporary and modern designs in nearly equal proportions. Additionally, residential units should provide at least one private parking space, reflecting the importance of functional layout alongside aesthetic considerations.

Analysis of the Relationship Between the Importance of Marketing Mix Components and Personal Factors

1. **Product (Project):** The level of importance placed on product-related attributes—including project size, aesthetic appeal, building materials, reputation, and parking space—was found to significantly vary by nationality. Foreign nationals from different countries assigned varying levels of importance to these project elements. Additionally, gender, age, occupation, and income also influenced perceptions of project-related importance.
2. **Price:** The perceived importance of price-related attributes—including price per location, price per unit area, price relative to quality, and price compared to similar developments—was significantly associated with nationality, gender, age, occupation, and income. These findings align with the views of Warner Z. Hirsh, who noted that residential decision-making is constrained by individual budget, social status, income, and personal identity. Field observations confirmed that western coastal zones—such as Bang Tao, Nai Yang, Patong, and Karon—are highly attractive to affluent foreign buyers, including business executives and retirees, leading to higher price-per-area figures compared to properties in eastern Phuket.
3. **Place (Location):** Location is a key determinant in the settlement decisions of foreign residents in Phuket. The perceived importance of accessibility and proximity to essential amenities was significantly correlated with all personal factors. This finding supports William H. Chair's theory that optimal residential locations offer favorable surroundings and easy access to infrastructure

and public services. Infrastructure investments, such as the planned underpass between Kathu and Patong in FY2025, are expected to increase the appeal of Kathu District as a residential zone, thereby diversifying foreign settlement beyond the current concentration in Mueang and Thalang.

4. **Promotion:** Marketing activities—including project recommendations, site visits, and promotional incentives—were found to correlate with various personal factors. For example, female foreign residents placed more emphasis on discounts and value-added offers than their male counterparts. These findings are consistent with Watcharin Kerdap's (2016) study on foreign tourists' decision-making regarding accommodations in Phuket, which found that decision-making differed across consumer segments. While some groups were influenced by appealing tour packages, others responded more to sustained advertising and diverse promotional services. These differences underscore the need for personalized marketing strategies in the real estate sector.
5. **People:** The marketing mix component of personnel—including sales consultants, architects, and interior designers—was found to be significantly related to all personal factors of foreign nationals residing in Phuket. Given the diversity in language and cultural backgrounds, establishing rapport and building trust with clients is particularly crucial for frontline staff. These findings are supported by Thitiphat Pankao (2017), whose study on strategic development for residential services tailored to Chinese clients in Chonburi Province emphasized the importance of attentiveness, enthusiasm, cheerful demeanor, and politeness among service staff. This contrasts with Russian clients, who may perceive interpersonal attentiveness and expressiveness differently, highlighting the need for culturally sensitive service approaches in real estate contexts.
6. **Process:** The study revealed a significant relationship between the operational and service delivery processes of real estate projects in Phuket and the personal characteristics of foreign clients. This supports the findings of Panchang Pongpatroka, Santicharoenpornpattana, and Sutti Pasee (2022), who used the Analytical Hierarchy Process (AHP) to assess factors contributing to the success of mid-sized housing projects outside metropolitan areas. Their findings ranked financial factors, quality assurance, process efficiency, and delivery reliability as key success determinants. The 'process' component in particular refers to budget control, standardized quality inspections, practical and aesthetic design, and the durability of construction materials. Consequently, operational processes directly influence foreign buyers' decisions regarding residential investments in Phuket.
7. **Physical Evidence:** The study found that physical attributes of the residential project significantly influenced purchasing decisions and correlated with personal factors of foreign buyers. This is consistent with the findings of Watcharin Kerdap (2016), who studied foreign tourists' decision-making behavior when selecting accommodations in Phuket. His research showed that during 2015–2016, most European tourists prioritized physical characteristics of lodging establishments. The most valued attributes were clean

and visually appealing atmospheres, followed by unique and elegant interior designs, and accessibility to popular destinations. Similarly, real estate projects in Phuket that feature distinctive physical aesthetics and are conveniently located were more likely to attract interest from foreign clients.

Strategic Recommendations

- Based on the research findings, several managerial strategies are proposed to enhance the effectiveness of real estate business operations in Phuket under the framework of the marketing mix, with an emphasis on AI Management in the digital era:
- **Product** The study revealed that different nationalities exhibit varying preferences for residential locations. For instance, Thalang District is favored by Europeans and Russians, while southern parts of the island are particularly attractive to Russian nationals. These findings highlight the importance of understanding the cultural norms, lifestyle preferences, and physical characteristics of the target demographic in order to optimize product design. Developers should therefore tailor spatial planning and architectural design to reflect the functional needs and cultural expectations of each target group to maximize usability and satisfaction.
- **Price** Rising land and construction costs have led to increased property prices, posing challenges for developers. The research indicates that foreign buyers are most interested in condominiums priced below 7 million THB and villas or detached houses under 21 million THB. Marketing strategists are thus advised to develop pricing strategies and promotional incentives tailored to purchasing power, including foreign-friendly mortgage services to facilitate ownership.
- **Place** Phuket is the most preferred destination in southern Thailand for foreign residents. The clustering of ethnic groups in particular areas demonstrates a pattern of community-based residential choice. To accommodate this trend and support future urban growth, comprehensive infrastructure planning and sustainable urban development initiatives are essential. Strategic urban planning will not only mitigate potential conflicts but also enhance the overall quality of life for residents.
- **Promotion** Given that the majority of foreign residents earn less than 200,000 THB per month, with a minority earning over 600,000 THB per month, it is imperative that real estate developers and financial institutions offer accessible conditions for property ownership. Effective promotional strategies should target financially disciplined customers, as their participation strengthens the long-term stability of the financial and banking sectors.
- **People** Beyond courteous service, frontline staff must possess advanced communication skills, multilingual capabilities, and proficiency in management technology, particularly AI. As highly skilled foreign professionals increasingly participate in the Thai labor market, failure to enhance the skills of Thai workers in these roles could eventually lead to displacement. Human resource development in real estate services is therefore urgent and essential.
- **Process** An effective data management system is vital for

serving foreign customers. The implementation of AI-based Customer Relationship Management (CRM) and Marketing Automation systems will enhance the efficiency of pre- and post-sale service delivery. Predictive lead scoring and automated communication tools can identify optimal decision-making periods, streamline processes, and personalize client engagement.

- **Physical Evidence** With the proliferation of new development projects, stringent regulatory compliance and monitoring mechanisms are critical. Adherence to municipal zoning laws and building regulations will ensure sustainable growth and align with the evolving demands of the real estate market. A commitment to legal and structural integrity will contribute to long-term viability and trust in Phuket's property sector.

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