

Overseas buyers guide to France.



Key areas to consider before buying a property in France

Avoid the fiction. Get the facts

Buying a property overseas can be daunting, especially when newspaper and television programmes highlight the horror stories, but the good news is it doesn't have to be that way. Take our clients for example, they tell us time and time again how their experience has not only been a positive one but also has exceeded their expectations. How? By being prepared! It is crucial for anyone looking to buy a property overseas to be fully informed if they want a hassle-free experience, which is why we have produced a series of guides to help prospective buyers.

A brief guide

This guide is designed to provide a snapshot of the key areas you will need to consider before buying a property in France. Every country has its own way of doing things and being aware of the differences is an important step in your journey.

France - property statistics

56% of second homes abroad are located in France & Spain. With an average budget of £252,000, purchase prices have risen by 19% per annum over the last 10 years. The Rhone Alps region has experienced the highest home price inflation over the past 5 years with an average of 18.3% pa. Typically the highest rents are achieved in established holiday destinations.

Average house price	£320,389
Average rent per week	£945.00
Average rental weeks	17
Average annual rent	£15,645
Capital growth pa (02-06)	14.8%

Source: Savills Research; Office of National Statistics; homesoverseas.co.uk

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The legalities

Property buyers must follow a tightly structured process involving two main phases:

- 1. Compromis de Vente:** The initial contract drawn up by the Notary or estate agent and signed by both buyer and seller.
- 2. Acte De Vente:** The final contract presented at completion of the sale.

The Notary: This is a government official with the authority to act on behalf of both parties during both phases of the buying process. However, they do not act in any advisory capacity.

Independent legal advice: You will need a solicitor or lawyer to ensure your interests are represented when making the purchase.

If you are looking to purchase a new-build property, there are additional facts that you will need to take into account. See below for details.

Additional purchase costs

Aside from the actual purchase price of the property, you will need to take into account the following costs:

Legal fees: This covers items such as legal advice, property searches, payment to the Notary for preparing the title deeds (which is shared between buyer and seller), document translations and/or a requirement for an interpreter, the Land Registry fee and the cost of a Power of Attorney if appropriate.

Estate agent fees: These are often negotiable and on occasion, split between buyer and seller and are subject to VAT.

Mortgage application fee: The amount varies according to the size of the mortgage and is payable once the money is released.

Taxes

Local taxes – Taxe d’habitation: The occupier of the French home is liable for this tax. It is due on the 1st January and is payable by the person who was the occupier on that date. There are exemptions for over 60’s.

Personal Taxation: As a non-resident property owner in France, you may be liable for income tax, VAT, Capital Gains & Inheritance tax. Individual situations vary considerably and it is best to seek specialist advice.

Tax Fonciere: Also known as ‘impot fonciere’ this is a land tax which is generally payable in one lump sum on January 1st each year.

Stamp Duty: Stamp duty will add approximately 0.60% on to the property price. This will be paid to the Notaire on completion of the sale as part of a single sum including all taxes, legal fees and the balance of the purchase price.

New-build properties

You need to ensure that: you have budgeted for:

- Utility connection charges - such as gas, electricity and water.
- Any possible maintenance charges that are payable upfront for an apartment or similar properties where items such as the roof and/or gardens are shared with other residents.

Land Registry fees are considerably lower for new properties than older ones.

Turning overseas dreams into financially balanced realities

The next step

If you are serious about buying a property in France, contact us today to order our comprehensive, no-nonsense guide. It's full of facts and figures – including insights into the buying process – as well as information on what to expect and to budget for once the property is yours. You will also find details of our services and how we have helped our clients turn their overseas dream into a welcome reality.

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Language is no barrier

Employing the services of an interpreter is easier than you might think and can make all the difference to your buying experience. Ask us how.

Overseas but over here

French Mortgages is a truly independent advice-based mortgage brokerage. Our guiding principle is to break the mould of institutional-style selling by operating a new, non-aligned mortgage business which is client-centred and based entirely on service.

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